NOTES

MYSORE GOVERNMENT SECRETARIAT LAW 99 LGN 58

LAW 99 LGN 58 **File No.** LAW 99 LGN 58

Department of Law

Section Drafting

Subject:

The Mysore Money-Lenders Bill, 1961

References:

Date	To whom sent	Notes and instructions
		Not for Noti Book.
Issued Notification No. LAW 99 LGN 58 dated 20.3.62 to the Compiler, Mysore Gazette ordering the Publication of the Act in the Mysore Gazette dated 29-3-62 as Mysore Act No. 12 of 62. 13 28.6.63		LD 7/1/57 Publish 30/7/63

B N Ranganna
Superintendent
Law Department
(drafting)

Mysore Government Secretariat

[App. F. III 2

953 / NL 56-57 File No. ~~95195~~ 9906cs / 1031 CS

Serial No.

Letter no. 489/58-57 dated 21.12

A57.

Slip A kept below

1) This proposed Bill was made to lie over on account of the State re-organisation in the State. It is stated in the ~~Letter of the~~ P.W.D. ~~DGP~~, that after the States' reorganisation, there is nothing to add further to the proposals already sent. For further action this may kindly be sent to the Law Dept.

2/7.1.57 Connected papers are placed below

A.S.

2) 14-1-57.

Secy. Law Dept.)

936.

3) The Administrative Dept. will have to examine the position with reference to the laws in force in the five areas of the new State and suggest to take a decision as regards the law or laws to be made for the new state. The Law Dept. may be consulted on specific points of law in this connection.

Law secy) 18/1/57

4)

5) Home secy) 21/2

Fit. Speech of 26/1/57 forwarded to Hon. Min.

5) Submitted with reference to the L.D. Note at para 3 ~~above~~. overleaf.

6) The Mysore Money Lenders Act 1939 is in vogue in the Old Mysore State. As the working of this not very effective it was considered necessary to check the mal-practices and suggest remedies, with a view to save the innocent people who will go in for d Money Lenders. On receipt of several allegations both from Public and the Officers, it was considered quite desirable to amend the existing Act to be on a par with the working of similar Acts in the neighbouring States like Bombay and Madras. After careful consideration Government in Old Mysore State decided that the Mysore Money Lenders Act should be re-enacted on the lines of the Bombay Money Lenders Act which is effective to control Money Lending. Accordingly a draf money lending Bill was prepared by the Law Department and the Bill was to go to scrutinising Committee for their remarks. At this stage this Bill was made to be over in view of the proposals for State Reorganisation and the Inspector General of Registration was informed accordingly in Government letter ~~No.~~ ~~dated~~ 28.1.56.

7) The I.G. of Registration has now stated in his letter dated 21-12-1956, that even after the reorganisation of this State there is nothing to add further to the proposals already sent, and in the circumstances, requests that proposed bill which was made to lie over may be taken up now to bring the Mysore Money Lenders Act on par with the adjoining states.

8) In the circumstances stated by I.G. of Registration it seems proper to take up this Money Lending Bill for further consideration from the stage where it was made to lie over. The enactment

Serial No.

of this Bill will serve two purposes. In the first place it will remedy the defects of existing Mysore Money Lenders Act 1939 and give the old Mysore State an Act to control the money lenders effectively. Secondly the application of this Bill to the entire new State will result in a uniform law on the subject in the State. But before taking up the bill for further consideration it will, in view of the reorganis tion of the State, require certain minor modifications such as changing the year in the title, definition of Cooperative Society and repeal of certain more Acts Law Department may therefore be requested to consider the above changesthey think necessary from the legal point of view. But before referring these papers to the Law Department the R.C.S. may be requested to offe his remarks as this subject is proposed to be transfer to him.

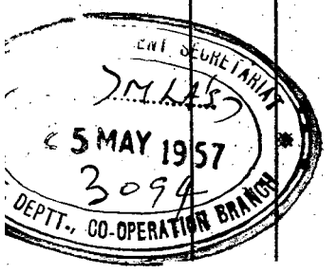
9) Passing of this bill in itself may not give sufficient relief to the ryots from the clutches of Money Lender. A practice called "Bhattada Vata" (ಭತ್ತದ ವಾಟ) which is said to be prevailing in certain taluks of Shimoga District like Sorab, Shikari pur, etc., has been brought to the notice of Governmer This is said to be a practice continued from several decades in several places on a small scale. This is lending of paddy and getting interest in the form of paddy wherein, the rate of interest in kind varies from 10 to 25 seers per Palla. The Mill owners advance money to ryots and in return purchase paddy during harvest season from the debtor and pay 3 to 4 ruppes less than the market rate in lieu of interest. It is also reported that many a time 6 to 15 seers of Paddy are being recovered for 60 seers lent. As the poor ryots have no other source of getting money they have to borrow money or foodgrains from the land-lord

and this is not openly practiced. It is a secret transaction between the land-lord and the ryots. It was, hence, considered highly desirable that such practice should be put an end to, as early as possible to help the ryots whose poverty, illiteracy and ignor have been taken advantage of by the land-lords and the socalled money lenders. After careful consideration, therefore, Goverhment in Old Mysore State decided to introduce a new Act namely Pawn Brokers Act in the State on the lines of the Madras Pawn Brokers Act. Accordingly a draft Pawn Brokers Bill was prepared by the Law Department and it was to go to the Scruitinising Committee for their remarks. At this stage this Bill also was made to lie over for similar reasons stated in the case of Money Lending Bill. The I.G. of Registration, was informed accordingly.

(c) The I.G. of Registration has now stated that this Bill also may be taken up for consideration for the reasons stated by him in the case of Money Lending Bill. In view of its linked position with the Money Lending Bill it seems proper that the Pawn Brokers Bill also may be taken up for further consideration from the Stage where it was made to lie over. This bill also may be made applicable to the new State of Mysore. This may therefore be referred to the Law Department with a request to consider the changes on the lines indicated in the case of Money Lending Bill Before referring these papers to the Law Department t R.C.S. may however, be requested to offer his remarks as he will be in charge of the administration of this Bill. Thereafter, it may be referred to the Scrutinisi

Serial No. 12

Main 25/5/57



In the Note, only the Response of Bombay State has been referred to. The Acts in force in parts coming in from Hyderabad, Madras & Coorg are to be considered. These Acts are not in the file. There is an Act in Coorg but it is practically a dead letter. The Registrar C.S. will please furnish all the Acts & his final remarks when the final changes required for the draft Act already proposed may be considered. We have to take the Salient features of all the Acts & such right defects in the R.C.S. will note

Consider remarks - W.O.

[illegible]
28/3

W.O. No. 7 MLA 57 from the R.C.S. dated 28-3-57 — Original file no. 64-55.

No. F. M.L. Act of 1957 Dt. 24-5-57

Retransmitted to the Secretary to Government, Agriculture & Forest Departments, Bangalore.

The All India Rural Credit Survey Committee has discussed the question of controlling and regulating the activities of the money lenders. Important recommendations of the Committee are given below.

" We recommend that the rates of interest prescribed in the different States should be reviewed and revised in a realistic manner. The rates vary considerably between State and State, as will be seen from the particulars we have given in Chapters 9 and 14. It is obviously futile to expect the moneylender to charge an

Serial No.

interest which is lower than that prescribed as the maximum for cooperative societies and other institutions. The only result of such a provision will be to ~~xxxxxxx~~ render enforcement, which is difficult enough in any case, much more difficult. It is obvious that there is considerable evasion, not merely of the provision regarding maximum interest rate because of the unduly low levels prescribed, but also of other provisions, including those relating to registration.

As regards the need for a proper agency for the enforcement of the provisions of the Acts, we recommend that the administrative arrangements should be reviewed for each State and adequate supervision ensured by the provision of the necessary staff, preferably under the Registrar of Cooperative Societies who, in Bombay for example, is also the administrative authority for supervision over moneylenders

We would also suggest a review of moneylending legislation in different States in order to ensure that the provisions of their Acts adequately cover the various points mentioned in the Report of the Agricultural Finance Sub-Committee.

The following are among the important recommendations of the Agricultural Finance Sub-Committe in regard to a proper scheme of control over the moneylender:

" 1) The need to fix the maximum rate of interest at a level which is not unduly low;

A&F 7 ML A57

2) The need to have a proper and adequate system of supervision and enforcement; and

3) The inclusion in the different Acts of a number of points (such as those cited below) which need to be provided for in any comprehensive system of control and supervision over the moneylender:

i) Registration of moneylenders.

ii) Licensing of moneylenders.

iii) Maintenance of accounts in a prescribed form

iv) Prohibition against showing in books of accounts or in any other document a sum larger than what has been actually lent.

v) Furnishing of periodical statement of accounts to the debtors.

vi) Furnishing of statement to the debtor in prescribed form giving full particulars about each loan as and when advanced.

vii) Issue of receipts to the debtors for every payment received.

viii) Limitation of the rate of interest.

ix) Enforcement of the rule of damdupat.

x) Prohibition against making unlawful charges for expenses etc.

xi) Provision to entitle a debtor to deposit at any time in a court of law an amount in part or full payment of a loan to be paid to his creditor.

xii) Prohibition of contract for payment of a loan outside the State.

xiii) Institution of suits by debtors for taking account and for having amounts due from them determined.

xiv) Protection of debtors from molestation and intimidation.

xv) Infringement of the provisions of the law to be made a criminal offence punishable with fine and in appropriate cases with imprisonment. (This is necessary as moneylenders who evade the law cover themselves against risk of fine by such means as taking bonds for amounts in excess of amounts actually advanced.)"

While enacting our new legislation the recommendations of both the Committees need to be taken into consideration.

A new Act is proposed to be enacted more or less on the lines of the Act in force in Bombay. The Bombay Government in the light of experience gained in enforcement of the Moneylenders Act, is proposing to amend several sections of the Act. A statement indicating some of the important amendments which the Registrar General of Moneylenders has suggested to Government is enclosed herewith. It is for the consideration of Government whether the amendments should not be taken into consideration while enacting a new legislation in our State.

19 At present there is no separate legislation to regulate the transactions of the pawnbrokers in Bombay State. Hitherto, all pawnbrokers were treated as moneylenders and were required to comply with the provisions of the Act. But, now it is proposed to incorporate a separate chapter so as to regulate their transactions in a more effective way. A copy also of this chapter is/enclosed herewith.

20. It is suggested that this chapter may be included in the new legislation.

Kept with A&F SM LA&J as a linked case for reference of L.D. 30/5/57.

Recd back from law dept. on 23-7-1957. 29/7/1957.

B.A.Patil
(B.A.Patil)
Registrar
23/5/1957

A&F.D. Corporation.

Noted

21 The a.o. note of Reg. is for perusal. In this connection

Advised.

It is in his attention is invited to para 12 of the manner where in Dy Secy A & I.D. has ordered that the question of Rent Legislation on the control of Rents & Housing & Land will hence be considered in the light of all the existing Acts on the subject in the integrated Areas and that the salient features of those Acts will have to be incorporated in the new Act. But the No. of Acts seems to have been based on the presumption that the new legislation will be enacted on the lines of Bombay Act and hence the Acts of the integrated Areas have still been taken into consideration in the Rules. In the circumstances Govt may be requested to furnish his revised remarks, if any 22 Govt may also be requested, as desired by Secy A & I, to make available copies of all the M. L. Acts in force in the State.

For orders.

?

-5/7/57

MR
25/7/57. as Amended to in Regr C.S.

for favour of remarks whether all the above acts pertaining to Money lenders in the Integrated of area are taken into Consideration while suggesting the amendments. The dft Bill is in the file. Should below may also kindly be looked into and final proposals sent.

M Sreekantaiah

TMLA 57 to Regs dt. 29/7/57

T. Siddalingaiah
Asst. Secy. Agr. & Forest
29/7

Dy. No. 152

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE BANGALORE.
30 JUL 1957
No. 2301

Asst. Secy. Agr. & Forest

A.R.C.S.-D. Coop. Bgr. P.U.C.S

24 The A.O. remarks of 17-12-57 of Regs. are for perusal.

Regs. has reported that the amendments and suggestions made by him are in the light of the Acts prevailing in other States neighbouring State also. Copies of the Money Lenders Acts now in force

in several regions of the State are however handled by Regs. Regs may therefore be requested to forward copies of these Acts and Rules. Regs may also be requested to send the statement of objects and reasons and the Memorandum before any issue.

25 After issue the entire file may be referred to Law Deptt. with a request to follow up the Bill in the light of suggestions made by Regs. Labour Deptt. may also be requested to advise on the points contained in the Secretarial Instruction No. 26.

Sd 24/12/1957

26 Time varies

Letter 24/12/57 Issued letter 27/12/57 to R.C.

27/12

F No 352

Sec. II

31-XII-

A & D. Comp. Br.

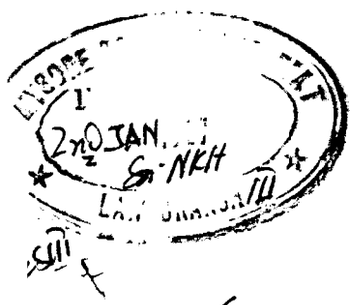
29) The letter having been issued, we file a memo for further orders. Draft para to us.

27/12

Draft Letter 27/12/57 28 The M.O. Rules of Res are amended in B. 11. Send the amendments as suggested by Res.

For issue of sending and putting up a dft for

LD)



2/1/58

730/Y.S
3/3/58

1307/Y.S
28/4/58.

29 ~~xxxxxxxxxxxxxxxxxxxxxxxxxx~~

LAW DEPARTMENT

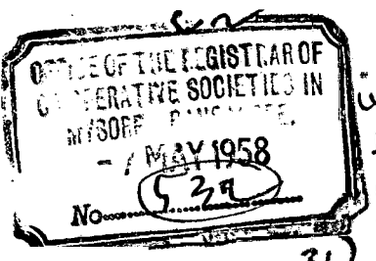
The Money-lenders Act regulates the licensing of money-lenders; prescribes the maximum rates of interest chargeable on loans and requires the money-lenders to keep true, correct and proper accounts. In the case of pawnbrokers, it is necessary to require every pawnbroker to give the pawner, a pawn-ticket in the prescribed form and also issue him a receipt in respect of the article received by him as security for the loan. Pawnbrokers are entitled to sell the articles pawned after issuing a notice to the pawner. Therefore, the provisions to be ~~xxxx~~ made in respect of pawnbrokers are not the same as those contained in the Money-lenders Act.

30 In the Madras State, there are two separate Acts relating to money-lenders and pawnbrokers, namely- (i) the Madras Money-lenders Act, 1957 (Madras Act XXVI of 1957) and (ii) the Madras Pawnbrokers Act, 19[illegible] (Madras Act XVII of 1943) It appears desirable to

enact two separate Acts, i) Money-lenders Act, on the lines of the Bombay Money-lenders Act,1947 and (~~xx~~ (ii) Pawnbrokers Act, on the lines of the Madras Pawnbrokers Act,1943. The Administrative Sectt.may take a decision in the matter.

Sec
A~F

Secretary (Law)



Lr.No. AHF-7MLA57
Date:- 3-5-1958

Forwarded for the kind perusal of Sri. Jr James

of remarks on the suggestions made by L.S

301
RSR.C2-(532)/58

Act. 7 MLAs'57.

Act. D. Coop

Ref. para 31 xii.

34 Rs. has agreed with the opinion of Law Deptt.

35 In this connection I send attached in invites to paras 80, 100, 101 and 102 of the note file in the collection place below are for perusal. After care consideration it was decided that separate legislation on money lenders and pawn brokers should be enacted. It seems therefore better to accept that decision without going into further controversy.

36 A decision on this point regarding approval of Ar. Coop.

Mr 2/6/58.

37 Chief 2/6/58

Two separate enactments as suggested by L.D. and agreed to by Rs.

M.S.

adopted

38 See Dft) Papers 180 ff

39 The question will be put up to Min Council for approval.

Comptr 3/6/58

Min (Agr)

40 May be brought up before the Council on

5/6/58

Secy (Agr F).

Ref para 40 ante. Min Agr. to move C.M. in put up for approval

Mr 7/6/58. Secy) 42) Dft 9/6

AGRICULTURE & FOREST SECRETARY
No. 3916
3 JUN 1958
GOVERNMENT OF MYSORE

OFFICE OF THE MINISTER FOR CO-OPERATION
Date 3-6-58

AGRICULTURE & FOREST SECRETARY
No. 3916
5 JUN 1958
GOVERNMENT OF MYSORE

AGRICULTURE & FOREST SECRETARY
No. 4090
JUN 1958
GOVERNMENT OF MYSORE

44/ May be put up before the Council

THE MINISTER FOR
89
Date 9-6-1958

28/6.

AGRICULTURE & FOREST SECRETARY
4090
30 JUN 1958
GOVERNMENT OF MYSORE

AGRICULTURE & FOREST SECRETARY
No 4090
1 JUL 1958
GOVERNMENT OF MYSORE

SECRET. DRAFT.

No.A&F 7 MLA 57.

COUNCIL NOTE.

ub: Enactment of separate legislation on i) Money Lenders and ii) Pawn Brokers.

1. The Mysore Money Lenders Act, 1939, is in force in Mysore area. Similarly, a separate Act is in force, in each of the other integrated areas, on Money Lenders and Money Lending. Some of these Acts have defined 'Money Lender' so as to include Pawn brokers also. The Madras area has, however, a separate Act, viz., Madras Pawn-brokers Act, 1943, for regulation of pawn-brokers.

2. It is proposed to enact uniform legislation on Money Lenders and Money lending in this State. When Law Department was requested to prepare a draft Bill accordingly, they have opined that the provisions to be made in respect of pawn-brokers are not the same as those contained in Money Lenders Act and, therefore, they have suggested that it would be desirable to enact two separate Acts, one to regulate Money lending and the other for the Pawn-brokers.

3. The Registrar of Cooperative Societies agrees with the opinion of Law Department.

4. Action now proposed to be taken is therefore to enact two separate laws (i) Money Lenders Act and (ii) Pawn-brokers Act.

5. Money Lenders Act is proposed to be enacted on the lines of Bombay Money Lenders Act, 1947 which is considered to be more effective in regulation and control of Money Lenders. The Bombay Act excludes loans advanced by Banks, Cooperative Societies, and certain similar other institutions from its purview.

Under Sections 8 A, 10 & 12 of the Act, the Registrar of Money lenders and Civil Courts are given wide powe to issue and to enforce the terms of licence under the Act. The Courts do not pass a decree on a suit file by a defaulting money lender. Under Section 13 of th same Act, the Registrar and the Assistant Registrars are empowered to exercise powers as are vested in a Civil Court under the Code of Civil Procedure in respect of enforcing the attendence of any person, produ tion of documents and issuing commission for the exam nation of witnesses. Sections 18 and 19 impose a statutory duty on Money Lenders to keep accounts and to deliver yearly statement of accounts to the debtor setting out therein inter alia, the amount due from the debtor, and amount and date of every payment made by him during the year. Sections 23 and 24 empower Courts to limit interest not to exceed the principal of the loan and to direct payment of the decretal amount by instalments. Section 36 of the Act prohibit arrest or imprisonment of a debtor in execution of a decree under the Act if he cultivates land personally and if his debt does not exceed Rs.15,000/-. Thus, the Bombay Act provides sufficient provision not only to administer the Act effectively but also to ensure adequate protection to debtors, mostly agriculturists from fraudulent practices of money lenders. Some of these provisions do not find place in the Money Lender Acts of other areas. Hence the proposal to enact new Money Lenders Act on the lines of Bombay Money Lenders Act, 1947, excluding the provisions therein in so far as they relate, entirely, to Pawn-brokers.

6. - Madras Pawn Brokers Act, 1943 is quite exhaustive and gives sufficient protection to innocent perso

who may have to pledge their articles with Pawnbrokers. Section 3 of the Act relates to the necessity of the Pawnbroker to obtain licence and section 5 relates to necessity of exhibitting his name over his shop. Section 6 is in respect of interest and charges that are allowed to Pawnbrokers and according to Section 7 Pawnbrokers shall give to the Pawner a Pawn ticket in the prescribed form. Section 9 relates to protection of the owners and pawners not having pawn tickets. Section 10 of the Act is in respect of the necessity of the pawnbroker to keep books, give receipts etc. Section 13 of the Act is in respect of the liability of Pawnbroker in case of fire and section 14 relates to compensation for depreciation of pledge. Section 15,16,17 and 18 relate to penal provisions. Section 19 is in respect of jurisdiction of Courts to try offences and according to sec.20 a Police officer may arrest any person committing an offence under this Act, without a warrant. These details are lacking in the Money:Lenders Acts which are also applicable to Pawnbrokers. It is therefore proposed to enact new Pawn-brokers Act on the lines of Madras Pawnbrokers Act 1943.

7. Orders of the Council are, therefore, solicited on the proposal to ~~enact~~ introduce separate legislation on Money Lenders, on the lines of Bombay Money Lenders Act 1946, and on Pawn-brokers, on the lines of Madras Pawnbrokers Act, 1943, with the added provision Suggested

9.7.58

Secretary to Government,
Agriculture & Forest Department.

may be included, making it incumbent for an unlicensed pawn broker to return a pledged article to the pledgor even without repayment ~~satisfaction~~ of the amount of loan advanced on the pledge of that article. This would be the most effective deterrent against unlicensed pawn-brokers. The legality of such a provision will be examined by L.D. before inclusion in the Bill.

19

Mysore Government
Secretariat

File No. ADF 7 MLA of 1957

[App. F. III 2

Serial No.

MYSORE GOVT. SECRETARIAT
C. 109/58-9
15 JUL 1958
G. A. D. (COUNCIL SECTION)

F.C.
16/7

Sec'd
Cl. Sects

Sec'd
14/7

Council Case No. C. 109/58-59.....

Date ...21-7-58..

FOR CONSIDERATION AT
A MEETING OF THE COUNCIL

Council Note circulated for information

Dy. Secy.
GAD.

Chief Minister,
All Ministers.

961/58.
Law

C.109/58-59.

Extract from the Proceedings of the Seventeenth *Meeting of the Council of Ministers held at Bangalore on* 30th July 1958.

SUBJECT:- C.109/58-59.

48. Enactment of separate legislation on (i) Money Lenders and (ii) Pawn Brokers.

DECISION OF CABINET.

49. Resolved that separate legislation to regulate Money Lenders and Pawn Brokers with additional provisions suggested in the Cabinet Note be drafted and placed before the Cabinet for approval.

(SD) B.D.JATTI,
CHIEF MINISTER.
(30-7-1958.)

A copy of action taken on the Cabinet decision, may please be sent to the Cabinet Section, for record.)

Secretary,
A. & F.

50.

Sec LD

MCS.

31/7/58

31/7

Mas 1/8/58

Sri J.B

2/8/58

ASSTT. TO THE CHIEF SECRETARY
No. S.522
1 JUL 1958
GOVERNMENT OF MYSORE

2063/11
31.7.58
51. pl. bring up
Mas 1/8/58

"EXTRACT" 1/8/58

Deputy Chief Secretary to Government.
G.A.D.

SECTION OF L.D. BRANCH
No. C.109
GOVT. SECRETARIAT

The Mysore Money-lenders Bill, 1958
and the Mysore Pawnbrokers Bill, 1958.

Mysore Government Secretariat — Law — 992 GN 58 — File No. 961/58 of Law I

[App. F. III 2

Serial No.	
	Submitted
52	A copy each of the Mysore Money-lenders Bill, 1958 and the Mysore Pawnbrokers Bill, 1958, as approved by the scrutinising Committee and the proceedings of the scrutinising Committee, are placed in the file.
53	The file may be returned to the A & F Dept., for taking further action, after annexing a statement of objects and reasons to the draft Bills

MYSORE GOVT. SECRETARIAT NO. 7 MLAS 1-OCT 1958 8037 A. & F. DEPTT., CO-OPERATION BRANCH

54 C 1/10/58.

ADS 1/10/58

Mas 1/10/58.

Law Secy)

JJ

Secy A & F

R. P. VASUDEVA
Secy., Law Dept.

5522 1 OCT 1958 SECRETARY GOVERNMENT OF MYSORE

54.

Dy Secy

Mysore

Dy Secy

Tele 1/10

Asst. S. Corpl.

Ref. para 1.

As per recent D.O. letter from [illegible] the bills have to be placed before the Council on 8.10.1958 at

File No. Acf. - 87 ML A of 1957.

Mysore Government
Secretariat

Serial No

re the latest ~~Bill~~ according to a dft
bill was referred No. F.D. 172 30 FS
for remarks on the memorandum
~~Govt~~ Efforts made in person &
the Offs back from F.D. with
their opinion were futile. F.D.'s
remarks are seen & the a
council note for orders.

23/10/58

Sri R. Rajagopal, Commr
to send in new draft M.
agn in 5 sec

24/10

Ref. para 68 n/s Acf. D. Coop

Remarks of F.D. have not been
made as yet. As per oral orders
of H.S. Coop. Secy. Vigilance the
remarks of F.D. has been perused
for appl. Dfs. ~~of the following~~ Dft. Dc. no and other
statements are also attached &
in respective files for appl &

Dfs Dc no and other statements	60
up here for M.L. sec and Govt	
sec. for orders appl.	
(seal Dft) 6/11	

AGRICULTURE & FOREST
No. 7137
7 OCT 19
GOVERNMENT OF

Serial No.	
	Also please see the file from the P.D. Dept. pertg. to C&I Min Corp

7/10/58

AdF 7 MLA 57 - ~~Part~~

Enactment of Uniform Legislation on Money Lenders & Money Lending.

AdF 7 MLA 57/Part

D.O. letter No. Ch.S. 1262-66/58 of 24-9-1958 from C.S. addressed to Sri S.D

A copy of the Mysore Money Lenders Bill is placed below. Registration of the Act will take in value, roughly 10000/- Govt. the Bill may be shown to F.I. for comments before preparing Memo. Council note. Obj. of the Statement of objects & reasons & F.C. Statement are also placed below.

U.O. 5554 (B) 30/9.

63 F.D. may be requested kindly to treat this case as extremely urgent.

B

64 Sri 29/9 Cee 29/9/58

The time case for administration of this line is extended the B.D.O. in in appointment of Addl staff.

29/9/58

As seen from the financial memorandum to accompany the bill no annual expenditure of Rs 5000 or expected to be incurred of the bill is based. Approximate details however have to be indicated

The amount by way of penalty which contemplated in clause 6 of the bill may also be indicated in the financial memorandum. This would then correctly reflect the next extra cost to Govt on the implementation of the provisions in the bill.

A Ft. 2nd

US(B) 7/10 6/10

Asst. D. Corp.

Ref. para 61 and 65 of

Kettappa's copies of the D.O. and statement of objects and reasons are pre-cep.

The number of registered money-lenders will be available only after enforcement of the Money Lenders Act. The existing Money Lenders Acts in Coorg, old Mysore Madras area and Hyderabad Area are practically a dead letter. They are not being enforced properly either due to insufficient enforce-

Serial No.

rent organisations or due to certain lacuna in the Acts themselves so that the provisions of these Acts are generally ignored by the money lenders. As such a reliable number of money lenders it is difficult to arrive at. It is only when such defaulting money lenders are registered under the respective Act the amount of licence fee can be worked out. Licence fee will also depend on the number of licenses which each money lender will obtain. This is the case with Pawn brokers bill also.

Administration of Money lenders Act and Pawn brokers Act will be entrusted to Co-op. Deptt. and as such there will generally be no extra cost to Govt. except in areas where the number of registered money lender renders it difficult for officers of Co-op. Deptt. to administer the Acts effectively. In such areas special staff will have to be appointed depending upon the number of money lenders.

It is, therefore, difficult at this stage to work out the quantum of net expenditure.

File No. Aaf 7 MLA of 1957

Mysore Government Secretariat

	Serial No.
on implementation of the provisions of the bill. A rough estimate will be also rough. The M. memorandum has therefore suitably been amended. In the circumstances, there is no 71	
may be rules & Re F.D. for also orders on para 3 of the ries M. memorandum of F.D. and thereafter submit to the file & C.S.	
	72
	73
Revised memorandum may agree K. 7/10/58	74
Re. clause 'A' 'B' 'C' 74 and I believe these are similarly worded to the Legislature Assembly Appeals identic	
	75

Q.05797(B)
11 OCT. 1958

C.S. 58/17-X-58

AGRICULTURE & FOREST SECRETARY
No 7343
17 OCT 1958
GOVERNMENT OF MYSORE

P. V. R. RAO
Chief Secy.

is Shri Siddalinga devaru, Under Secy. Govt.
is Shri Supdt. Govt. branch whose initials are at 'D'
is the Under Secretary F.D. (Budget) Shri Rangaraja Iyengar. They are in Duplicate (illegible)

WD 01774—GPB—PZS—300,000—23-10-57

Mysore Government
Secretariat

File No. of 195

[App. F. III 2

Serial No. 76

Draft Cabinet Note for approval.

P. V. R. Rao
17.10.58

V. R. RAO
Chief Secy.

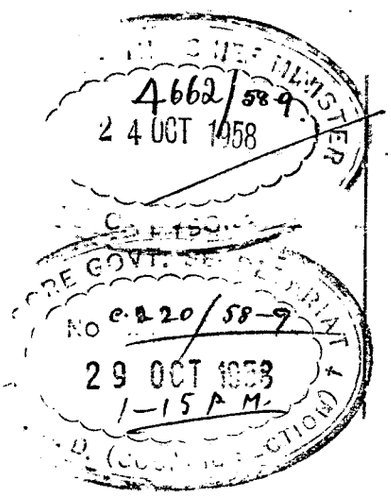
Secy. Cabt.

24.10.58

Approved.
May be placed
before the Council of
Ministers

28/10

C.S.)



Council Case No. C. 220/58-59.

Date 29-10-58.

FOR CONSIDERATION AT
A MEETING OF THE COUNCIL

Council Note circulated for information

This subject will be taken up for consideration at the meeting on 29-10-58.

for Dy. Secy.
G.A.D.

Chief Minister.
All Ministers.

A&E.7 MLA 57.

CABINET NOTE.

Subject:- C.220/58-59.
Unification of laws - (1) Mysore Money Lenders Bill, 1958 - (ii) Mysore Pawn Brokers Bill, 1958.

---

78 1. The Mysore Money Lenders Act 1939 is in force in Mysore Area. Similarly a separate Act is in force, in each of the other integrated areas, on Money Lenders and Mondy Lending. Some of these Acts have defined 'Money Lender' so as to include Pawn Brokers also. The Madras area has, however, a separate Act, viz., Madras Pawn Brokers Act 1943 for regulation of Pawn Brokers. These Acts are not equal in scope. The Council, therefore, resolved on 30-7-1958 that separate legislations to regulate Money Lenders and Pawn Brokers with additional provisions (if legally feasible) making it ∉ incumbent for an un-licensed Pawn-brokers to return a pledged article to the Pledger even without repayment of the amount of loan advanced on the pledge of that article, be drafted and* placed before Cabinet for approval. Law Department have accordingly drafted. The Mysore Money Lenders Bill, 1958 and The Mysore Pawn Brokers Bill, 1958.

79 2. The Bills have been scrutinised by the Scrutinising Committee, and the various suggestions and amendments proposed by them have been incorporated in the Bills.

80 3. The Administration of the two Bills after enactment will involve roughly an additional cost of Rs.50,000/- per year. It is necessary to appoint special staff in areas where the number of registered Money Lenders and Pawn Brokers will be high. In other places, the administration of the two Acts will be entrusted to the Officers of the Co-operative Department. The opinion of Finance Department have been called for separately on the proposed expenditure in connection with the administration of the two Acts and their remarks have not yet been received.

81 4. The Mysore Money LendersBill 1958 has been drafted mainly on the lines of Bombay Money Lenders Act 1946. The Bill exempts Banks, Co-operative Societies and certain similar other institutions from its purview. Under clauses 9,11, and 13, the Registrar and Civil Courts are given wide powers to issue and enforce the terms of license. The Courts will not pass a decree on a suit filed by a defaulting money lender. Clause 14 empowers the Registrar and Assistant Registrar to exercise powers as are vested in Civil Courts under the Code of Civil Procedure in respect of enforcing attendance of any person and examining him on oath, compelling the production of documents and material objects, issuing commission for the examination of witnesses and proof of facts by affidavits. Clause 20 imposes a statutory duty on the registered money lenders to keep books of accounts and to deliver yearly statement of accounts to the debtor. Clause 26 and 27 empower courts to limit interest not to exceed the principal of the loan and to direct payment of the decretal amount by instalments. Thus the Bill provides sufficient provision unlike/the case of existing Acts not only to regulate and control the money lending business effectively but also to ensure adequate protection to innocent debtors.

5. The Mysore Pawn Brokers Bill, 1958 has been drafted on the lines of the Madras Pawn Brokers Act, 1943. Important clauses of the Bill are Clause 3 relating to the necessity of Pawn Broker to obtain license, Clause 5 relating to the necessity

Council Case No. C.....220/58-59.....

Date ...29-10-58.

FOR CONSIDERATION AT
A MEETING OF THE COUNCIL

Council Note circulated for information

This subject will be taken up for consideration at the Meeting on 29-10-58.

for *Dy. Secy.*
GAD.

Chief Minister,
All Ministers.

of exhibiting his name over his shop, Clause 7 which makes it incumbent for the Pawn Brokers to give the Pawner a Pawn ticket in the prescribed form, clause 9 relating to protection of owners and pawners not having pawn tickets, clause 20 empowering the Police Officer to arrest any person committing an offence under the Bill without a warrant. Clause 21(1) of the Bill renders void any contract which confers any right on the Pawn Broker (if he is unlicensed) in respect of the article pawned and the retention of the article by such Pawn Broker, shall be wrongful.

83. 6. Approval of the Council is sought for the introduction of the two Bills in the Legislature.

(M.S.Swaminathan),
Secretary to Government,
Agriculture & Forest Deptts.

MONEY LENDERS BILL.

STATEMENT OF OBJECTS AND REASONS.

84 At present five different Acts are in force on Money Lenders and Money Lending in different regions of the State. These Acts are not equal in scope. It has become necessary to have an Act applicable to the entire State and with sufficient provisions not only to regulate and control the money lending transactions effectively but to afford sufficient protection to innocent debtors. The Mysore Money Lenders Bill, 1958 seeks to achieve this object.

85 Some of the main features of the Bill are:-

(i) licensing of Money Lenders.

(ii) requiring money lenders to keep and furnish prescribed accounts.

(iii) empowering of Courts to direct payment of decretal amount by instalments.

(iv) loans to or by a Bank, by a Co-operative Society, Insurance Company, Local authority authorised by Government and other types of loans specified in clause 2(a) are excluded from the purview of the Act.

MINISTER FOR COOPERATION.

A&F 7 MLA 57.
C.220/58-59.

FINANCIAL MEMORANDUM.

86 Clause 3 of the Bill provides for the appointment of Registrar General, Registrars and Assistant Registrars. Since the administration of Mysore Money Lenders Bill, 1958 will after enactment be entrusted to the officers of the Co-operation Department, no additional appointments will generally be made, but where the number of registered Money Lenders renders it difficult for Co-operation Department officers to administer the Act effectively, special staff will have to be appointed in limited areas.

87 Clause 6(4) of the Bill levies license, fee of Rs.5/- per money lender if the place at which the business of money-lending is to be carried on is not more than one, and Rs.2/- for each of the additional places in the area if the business of money-lending be carried on at more than one place within the limits of the area of the Registrar.

88 Since the areas requiring special staff will have to be decided on the basis of registered money-lenders it is difficult before the enforcement of the Act to estimate the additional outlay on account of the administration of the Bill.

MINISTER FOR COOPERATION.

NOTES ON CLAUSES.

89 Provision has been made in sub-clause (9) of Clause 2 for exemption of Banks including the State Bank of India and Post Office Bank, Co-operative Societies, Provident Fund and Insurance payments, loan by Government etc., from the purview of the Bill. Clauses 9, 11 and 13 confer wide powers upon the Registrar and Civil Courts to issue and enforce the terms of license. The Courts will not pass a decree on a suit filed by a defaulting money lender. Clause 14 empower the Registrar and Assistant Registrar to exercise powers as are vested in Civil Courts under the Code of Civil Procedure in respect of enforcing attendance of any person and examining him on oath, compelling the production of documents and material objects, issuing commission for the examination of witnesses and proof of facts by affidavits. Clause 20 imposes a statutory duty on the registered money lender to keep books of accounts and to deliver yearly statement of accounts to the debtor. Clause 26 and 27 empower courts to limit interest not exceed the principal of the loan and to direct payment of the decretal amount by instalments.

MINISTER FOR COOPERATION.

(Appendix to Cabinet Note C.220/58-59.)

PAWN BROKERS BILL.

STATEMENT OF OBJECTS AND REASONS.

The Madras Pawn Brokers Act 1943 is in force in the Madras rea. Pawn Brokers in other areas are regulated by the existing loney Lenders Acts in force in the respective areas. After a areful consideration, it was, however, noticed that provisions o be made for Pawn Brokers are not the same as those for Money enders and hence, it has been considered desirable to enact a eparate legislation for regulation and control of Pawn Brokers n this State. Hence this Bill.

2. The main provisions differentiating this Bill from the Mysore loney Lenders Bill, 1958, are:-

(1) Clause 7 relating to the issue of a pawn ticket to the pawner in the prescribed form;

(2) Clause 12 relating to the sale of pledged articles.

FINANCIAL MEMORANDA.

Sub-Clause (4) of Clause 4 levies a license fee as will be noticed by Government subject to a maximum of Rs.25/- per license. Since the number of Pawn Brokers will be available only after en- forcement of the Act, the income that would be derived from the license fees cannot be calculated for the present. On the other hand, the administration of the Act will be entrusted to the officers of the Co-operation Department and to the special staff appointed for administration of the Money Lenders Act where such staff exist. Hence, there is no extra cost to Government purely for the administration of the Pawn Brokers Act.

Minister for Co-operation.

NOTES ON CLAUSES.

Sub-Clause 5 of Clause 11 exempts Banks including Post Office Savings Bank, banking Companies, advance made by Government, etc., from the purview of the Bill. Under clause 5, the pawn brokers have to exhibit their names over their shops or place of business.

Under Clause 7, the Pawn broker has to give pawn tickets to the pawners.

Under Clause 10, pawn brokers have to keep books, give receipts, etc.

Clauses 19 and 20 are regarding jurisdiction of Courts to try offences and arrest of defaulters without warrant. Under Clause 21, it will be wrongful if an unlicensed pawnbroker takesany article on pawn for a loan and the contract of pawn so far as it confers any right on the pawn broker in respect of the article pawned shall be void.

Minister for Co-operation.

Laws 99 LGN 58. C.220/58-59. 33

Extract from the Proceedings of the.....Thirtieth.....*Meeting of the Council of Ministers held at Bangalore on*.....29th October.....*19*..58...

SUBJECT:- C.220/50-59.

Unification of Laws: (i) Mysore Money Lenders Bill, 1958; (ii) Mysore Pawn Brokers Bill, 1950.

DECISION OF CABINET.

90. Resolved that the drafts of the Mysore Money Lenders Bill, 1958 and the Mysore Pawn Brokers Bill, 1950, be approved and that steps may be taken to introduce them in the ensuing Session of the Legislature.

(SD) B.D. JATTI,
29-10-1958.
CHIEF MINISTER.

7673
1.10.58

Secretary,
A.& F.

OFFICER ON SPECIAL DUTY
No 559
OCT 1958
LAW DEPARTMENT

91. O.S.D) may be sent to Secy Legislative ~~Legislation~~ ~~Transfer~~ ~~Govt~~ ~~Act~~ Amendment ~~recommended~~ under Art 204 is required —

31/10/58

Sri C.N.N
1/11/58

"EXTRACT"

(L.A.Dhamanigi),
Chief Secretary to Government.

30.10.58

Mysore Government Secretariat

File No. 2151/Law U/58

The Mysore Money-lenders Bill, 1958 and the Mysore Pawnbrokers Bill, 1958 — previous sanction of the President [App. F. III 2] under the proviso to Article 304 of the Constitution

Serial No.

submitted

92. The Mysore Money-lenders Bill, 1958 and the Mysore Pawnbrokers Bill, 1958 impose certain restrictions on the persons carrying on such business. As such, the previous sanction of the President is necessary under the proviso to Article 304 of the Constitution for introduction and moving of the Bill in the State Legislature.

93. A draft of a letter to the Govt of India is put up for consideration.

S.
20/10/58.

Law Secy

R.
27/10

SECRETARY TO GOVERNMENT
2752
27 OCT 1958
LAW DEPARTMENT

JSR
20/10/58

94. sims 27/10

ADS)

(letter No. 2151/Law U dated 29th October 1958 to the Secy to the Govt of India, Ministry of Com. & Industry) submitted with draft and pair of telegram to the H.O.I., for approval and signature

S.
5/11/58

Law Secy

Mas
15/11/58.

96. sims 15/11

The Mysore Money-lenders Bill, 1958 and the Mysore Pawnbrokers Bill, 1958 — Reservation for President under the proviso to Article 304.

File No. 2151/58 Laws of 195

Mysore Government Secretariat
Law 99 LGN

Serial No. 156 Laws

[Issued ~~letter~~ telegram dated 15th Nov. 1958 to the G.o.I, Ministry of Com & Ind. — Copy by post in Confirmation

99 submitted with a draft of a reminder to the Govt of India, for approval.

S
5/1/59.
Law 6/1.15

~~D.I~~) 98 Issue.
Mas
10/1/5

439 | ~~Issued~~
6/1/58

subd
- As per instruction a revised draft letter is put-up.

Issued letter No. Law 99 LGN 58 dated 13/1/59 to the Secy to the Govt of India, Ministry of Com & Ind)

9/1/59 (illegible)
Law

OFFICER ON SPECIAL DUTY
No 33
12 JAN 1959
LAW DEPARTMENT

Letter No. Port 6(57)58 d. 19.1.1959 on the Ministry of Commerce and Industry the matter

99 Further communication from the Ministry of Commerce and Industry will be awaited.

Bhg 28/1/59
Law 28/1/59

a/s IV/ Mas 28/1

Bhg 12/1/59

Bhg Secy
Dy

L & N N
Dy 12/1/59

Ly JR B
Dy 8/1/1

Law 99 LGN 58. The Mysore Money Lenders Bill, 1958 and the Mysore Pawnbrokers Bill, 1958 — previous sanction of the President under the proviso to Article 304

Mysore Government Secretariat

File No. of 195 . 156/Law 58 [App. F. III 2

Serial No.	
100.	submitted with a draft of a reminder to the Govt of India for approval. S 13/2/59. JSR 13/2/59
101.	Issue. Mas 13/2/59.
ADS	[Issued letter no. Law 99 LGN 58 dated 14th Feb. 1959 to the Secy to G.O.I., Ministry of Com & Ind.]
~~Sect. 23/2/59.~~	[Received letter no. Parl. 6(57)/58 dated 13th Feb. 1959 from the under Secy to the Govt of India, Ministry of Commerce and Industry, submitted for perusal.
102.	The changes suggested by the Govt of India have been incorporated in the copies of the Mysore Money Lenders Bill, 1958 and the Mysore Pawnbrokers Bill 1958, placed in this file
103.	The draft Bills as revised, are for approval. S 18/2/59. JSR 18/2/59

OFFICER ON SPECIAL DUTY No. 163 18 FEB 1959 LAW DEPARTMENT

ADDITIONAL DEPUTY SECRETARY No. 439 18 FEB 1959 LAW DEPARTMENT

AGRICULTURE ADS No. 1222 21 FEB 1959 Secretariat-Comm. Sheet GOVERNMENT OF MYSORE

Mas 18/2/59. (O.S.D.) Law Secy)

Secretary A & F Min[ister] for Co-operation

18/2/59 N. R. JAYA RAO, Officer on Special Duty, Law Dept.

R. P. VASUDEO.

The Mysore Moneylenders Bill, 1
and the Mysore Pawnbrokers Bill, 1

File No. Art 7 ML AS 7 of 19

D 99 LGN 58.

Mysore Government
Secretariat

Art.

These fps may be returned to D through R. Corpl. Since the alterations suggested by G.O.I are very minor, the bills need not go to Council once again

Sec'y Art 7)

25/2/59

105) A may be done
Sd/- Mali Mariyappa 6/3
(MALI MARIYAPPA)
Minister for Co-operation

106 Please put up draft letter to Secy, Mysore Legislature Council.

Mas
12/3/59.

107 Draft letter to the Secy L.C. is put up for Consideration

S
12/3/59

Mas
12/3/59.

JSR
12/3/59

Law Secy)

N. R. 14/3/59
Officer on Special Duty
Law Dept.

108 Issued
11/3

Issued letter No. Law 99 LGN 5
11th March, 1969 to the Secy, Leg

Law 99 LGN 58. The Mysore Money-lenders Bill 1958 and the Mysore Pawnbrokers Bill 1958.

Mysore Government Secretariat

File No. 156 / 298/59 of 195 [App F. III

Law V

Serial No.	
	Legislature Council. Copy to 1) Council section, G.A.D and 2) Secy, A & F Dept)
~~Secy A~~ ~~18/3/59~~ JSA 18/3/59	submitted
	109. As per the programme of business in the L.C., to-day, the Mysore Money-Lenders' Bill, 1958 is scheduled for introduction.
	110. Draft motion is put up for approval and submission to the minister for Co-operation.
	S 2/4/59. DR 2/4/59
	Mas 2/4/59 Law Secy) Minr for Cooperation)
	N Vasudeo 4/4 R. P. VASUDEO Secy., Law Dep
ucd H.S.A)	
File brought back from the office of the minister for Co-operation on 8/4/59.	
	submitted
	111. Kind reference is invited to the letter dated 13th February, 1959 from the Govt of India stating, inter alia that ten Copies of each of the aforesaid two Bills as introduced in the State Legr may be sent to them.
	112. A draft of a letter forwarding the Copies is put up for

The Mysore Money-lenders Bill, 19
nd the Mysore Pawnbrokers Bill 1958

File No. 298/59 / 680/Law V of 195 .
Law V
99 LGN 58.

Mysore Government Secretari

Serial No.	Instructions
	A.D.S. to send copi of the Bills to G.O.I after both the Bill are introduced in the L.C. S 8/4/59

sideration

Received representation dt 10.23 dated 6th April 1959 from the Hon. Secy., Shroff Karthikarara Sangha Mysore)

OFFICER ON SPECIAL D
No 373
13 APR 1959
LAW DEPARTMEN

113. Orders of the D.S.D. on the file
"please put up with files"
Sd. N.R.J.
11/4/59.

114. The file is herewith put up.

59.

5/4/59

115. The amendments suggested by the Thakara Sangha Ltd, Mysore, are:—

1) Instead of three months, ~~time allowed in 4(3) for~~ time from the date of Commencement of the Act allowed in 4(3) for existing pawn brokers to get licence & continue their business, one years time may be allowed.

2) The rate of interest on money lent on pawns may be fixed at 9% irrespective of the

Law 99 LGN 58. The Mysore Money-lenders Bill, 1958 and the Mysore Pawnbrokers Bill, 1958

Mysore Government Secretariat | File No. 680 | Law V of 195 . [App. F. III 2

Serial No.

max^m rate if amount lent is ten rupees or less & six percent if it exceeds Rs 10/-

3) Cl (10) to be amended so as to empower only licensing officers to inspect the accounts of a pawnbroker & that too only during working hours & the Bill, as now drafted, any police officer not below the rank of a Sub Inspector is permitted ~~to~~ to inspect the books at any time.

4) Cl (11) & Cl (3) to be amended so as to vest the pawned property in the pawnor, if it is not redeemed in 3 years after the pawn. The clause in the Bill says that the pawn is redeemable till the article is disposed of as prescribed in the Act.

5) Cl (20) which empowers a Police officer to arrest a person committing an offence under the Act, in the presence of the Police officer, to be omitted.

11(6). Points (1), (2) & (3) may be considered when the Bill goes before the Select Committee. ~~It is not~~ It is not desirable to accept the Points (4) or (5).

ADS)
Law dept)

14/4/59

CER ON SPECIAL DUTY
No 383
15 APR 1959
LAW DEPARTMENT

NAL DEPUTY SECRETARY
No 59
15 APR 1959
LAW DEPARTMENT

The Mysore Money-lenders Bill, 1958
and the Mysore Pawnbrokers Bill, 1958

[App. F. III 2

/sore Government Secretariat | File No. of 195 . . 8 LP 3/Law

Serial No.

Submitted

The Govt. of India while Communicating the previous sanction of the President for introduction of aforesaid Bills in the State Legislature inter alia have asked for supply of ten copies of each of the Bills as introduced in the State Legislature. A copy of their letter No. parl. 6(57)/58 dated 13th February, 1958 is placed in file.

2. A draft of a letter forwarding ten copies of each of the Bills as introduced in the L.C., to the Govt. of India, is put up for consideration.

11/5/59. 3) Reference to Para 2 of P.U.D. (Copy of G.O. I letter) It is for orders whether the copies of the Bills as introduced in the L.C may be sent now or whether the following (X) may be sent after the Bill is passed in both the Houses of Legislature

(X) 1) Bill as introduced in L.C.

2) Bill as introduced in L.A (after it is passed in

3) Bill as passed by both the Houses of Legis

JSP 11/5/59

~~Issue~~ We may send Copies of the Bill as introduced as it may take some time before the Bill is likely to be passed

Issue.

Mas 12/5/59.

The Mysore Money-lenders Bill, 1958 and the Mysore Pawnbrokers Bill, 1959.

File No. of 195 . 843/Law V/1019

Mysore Government Secretariat

Serial No.

[Issued letter No. 843/Law V dated 14th May 1959 to the Secy to the Govt of India Ministry of Commerce and Industry.]

Sec A 16/5/59

JSR 15/5/59

Letter No. Part. 6(57)/58 dated 26th May 59 on the Ministry of Commerce and Industries, Govt. of India.

For perusal.

2/6 JSR 5/6/59

~~ADS~~ Mgs 5/6/59.

ADDITIONAL DEPUTY SECRETARY No 92 5 JUN 59 LAW DEPARTMENT

The above noted Bills are still pending before the Legislature. Hence this file may be kept in Sus for some more time.

JSR 31/8/59

Sri B.N JSR 5/6/59 Bill 6/6 JSR 6/6/59

Sus A 30/9/59

Sus A JSR 31/8/59.

Sus A JSR 1.. 159

Reservation of the Mysore Money-lenders Bill, 1961 for the consideration of the President.

Mysore Government Secretariat

File No. XXXXXX of 196 .
LAW 99 LGN 58 (Suppl)

[App. F. III 2

Serial No.	
	Letter No.11899/L.A. dated 23rd December 1961 from the Secretary, Mysore Legislature.

1	The Secretary, Mysore Legislature has forwarded three copies of the Mysore Money-lenders Bill, 1961 as passed by both the Houses of the State Legislature.
2	For the reasons stated in the draft letter the Bill has to be reserved by the Governor for the consideration of the President as required by Article 255 of the Constitution.
3	The draft letter to the Secretary to the Government of India, Ministry of Home Affairs, to be sent by the Secretary to the Governor is ~~xxxxx~~ for approval.
4	The Secretary to Government, Agriculture and Forest Department may also be consulted as required by the Mysore Government Secretariat Instructions.
5	27/XII/61 27/12/61 Law Secy) Mas 27/12/61 M. A. SRIKRISHNA, Deputy Draftsman & Law Officer Deputy Secretary, Law Department.
6	
7	A & F) TKT 27.12.61. 27.12.61. K. S. N. MURTHY, Dy. Secy. Agri & Forest Deptt.
	Secy A & F on leave

RESERVATION OF THE MYSORE MONEY-LENDERS' BILL, 1961, FOR THE CONSIDERATION OF THE PRESIDENT

File No. LAW 99 LGN 58 (Suppl) 196x

Mysore Government Secretariat

Law Department.

Serial No.

Three authentic copies of the Mysore Money-Lenders Bill, 1961, as passed by both Houses of State Legislature, are placed in the file.

The Bill has to be reserved for the consideration of the President and the Governor may, therefore be pleased to declare that he reserves the Bill for the consideration of the President, by affixing his signature in the appropriate place* with the date on the authentic copies of the Bill.

After the Bill has been reserved by the Governor, the draft letter* addressed to the Secretary to the Government of India, Ministry of Home Affairs, placed in the file may be issued with the three parchment copies and other enclosure for obtaining the assent of the President. The fi may thereafter be returned to the Law Department.

(T.K:TUKOL)
cretary to Government
Law Department.

27/12/1961

SECRETARY TO
GOVERNOR

Submitted to His Highness for gracious signature.

6/1/62
Secretary to Governor.

GOVERNOR'S SECRETARIAT, MYSORE.
3 JAN 1962
No 646/61-62

GOVERNOR

Law Secretary) 6/1

8/1/62

WD 07273—GPB—PZS—8,00,000—1

The Mysore Money-lenders Bill, 1958

Mysore Government Secretariat | LAW File No. 99 LGN of 1958 | [App. F.

Serial No.

Draft and fair of a reminder to the Government of India are put up for approval and signature.

3/2/62

Sd/ 40

Issue. mas 5/2/62

Issued reminder dated 5.2.62

13.3.62 Letter No. A4/6466/61-62 dated from the Secretary to the Governor.

Copy of letter dated 19.3.62 issued to the Secy., Mysore Legislature in file No. LAW 68 LGN 61 is placed in the file.

The Secretary to the Governor has forwarded a copy of the telegram from the Government of India, intimating that the President assented to the Bill on the 8th March 1962.

Draft and fair of a notification publishing the Act as Mysore Act No. 12 of 1962 in the Mysore Gazette dated 22nd March 1962 are put up for approval and signature.

20/3/62

Sd/ Law

mas 20/3/62

Law Secy)

20/3/62

T.V.S. 20.3.62

Issue mas 20/3/62

DEPUTY LEGISLATIVE & EX OFFICIO DEPUTY SECRETARY No. 267 5 FEB 1962 LAW DEPARTMENT

...Act ... ...ment ... 1961

File No. LAW 99 LGN of 1958.

Mysore Government
Secretariat

understand from the Deputy Director of Printing that in view of e work relating to the Budget, it will ot be possible to print this Act in e Gazette dated 22-3-62. The date ay therefore be altered to 29-3-62 The notifications sent to the Press.

The date is altered accordingly in all the Copies.

Issued notification No. LAW LGN 58 dated 20.3.62 to.
1. The Compiler, Mysore Gazette
2. The Chief Translator to Govt.

Letter No. AG/646/61-62 dated 1962 from the Secretary to the Governm

The Secretary to the Governm forwarded two authentic Copies e Bill. Draft and fair of a lett nowledging receipt are put up approval and signature.

Draft and fair of a letter arding are copy of the Bill to the tary, Legislature are also pu roval & Signature.

WD 07273—(

Issue.
MAS
24/3/62

24/3/62

The Mysore Money-lenders Bill, 1961

Government Secretariat | LAW File No. 99/LGN of 1968. | [App. F. II]

Serial No.

Issued letter dated 26.3.62 the Secretary to the Governor

Issued letter dated 26.3.62 with one authentic Copy of the Bill to Secretary Mysore Legislature.

Letter No. 16317/L.A. dated 27.3.62 from the Secy., Legislature

The Secretary, Legislature has acknowledged receipt of the authentic Copy of the Bill.

As no further action appears necessary, the file will be closed if approved.

Draft and fair of a memo to A & F Deptt. is for approval and signature.

30/3/62

31/3/62

Issue

31/3/62

Issued memo dated 31.3 to the A & F Deptt.

~~If approved, this will be~~ seen.

A copy of the Mysore Money-Lenders Act, 1961 as published in the Mysore Ga for 29th March 1962 as Act No. 12 of 1962 is placed in the file:

If approved, this File will be recon

LEGISLATIVE & EX. OFFICIO DEPUTY SECRETARY No. 728 31 MAR 1962 LAW DEPARTMENT

THE MYSORE MONEY-LENDERS ~~BILL~~ ACT, 1961.

Arrangement of ~~Clauses~~ Sections

~~Clauses~~ Sections

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~~MYSORE ACT~~ MYSORE ACT NO. 12 OF 1962

(First published in Mysore Gazette on the twenty-second day of March, 1962)

THE MYSORE MONEY-LENDERS ~~BILL~~ ACT, 1961.

(received the assent of the President on the Eighth day of March, 1962)

An ACT ~~A Bill~~ to regulate the transactions of money-lending in the State of Mysore.

WHEREAS it is expedient to make better provision for the regulation and control of transactions of money-lending in the State of Mysore;

BE it enacted by the Mysore State Legislature in the Twelfth Year of the Republic of India as follows:—

1. Short title, extent and commencement.—(1) This Act may be called the Mysore Money-lenders Act, 1961.

(2) It extends to the whole of the State of Mysore.

(3) It shall come into force on such date as the State Government may by notification, appoint.

2. Definitions.—In this Act, unless the context otherwise requires,—

(1) "bank" means a banking company as defined in the Banking Companies Act, 1949 (Central Act X of 1949), and includes the State Bank of India and any other banking institution notified under section 51 of the said Act;

(2) "business of money-lending" means the business of advancing loans whether or not in connection with or in addition to any other business;

(3) "capital" means a sum of money which a money-lender invests in the business of money-lending;

(4) "company" means a company as defined in the Companies Act, 1956 (Central Act 1 of 1956);

(5) "co-operative society" means a society registered or deemed to have been registered under the Mysore Co-operative Societies Act, 1959 (Mysore Act 11 of 1959);

(6) "interest" includes the return to be made over and above what was actually lent, whether the same is charged or sought to be recovered specifically by way of interest or otherwise, but does not include any sum lawfully charged by a money-lender for or on account of costs, charges or expenses in accordance with the provisions of this Act, or any other law for the time being in force;

(7) "licence" means a licence granted under this Act;

(8) "licence fee" means the fee payable in respect of a licence;

(9) "loan" means an advance at interest whether of money or in kind, and includes any transaction which the Court finds in substance to amount to such an advance, but does not include—

(*a*) a deposit of money or other property in a Government Post Office Bank or in a Mysore Government Savings Bank or in any other bank or in a company or with a co-operative society;

(*b*) a loan to, or by, or a deposit with, any society or association registered under the Mysore Societies Registration Act, 1960 (Mysore Act 17 of 1 60);

(*c*) a loan advanced by Government or by any local authority authorised by Government;

(*d*) a loan advanced by a co-operative society;

(*e*) an advance made to a subscriber to, or a depositor in, a Provident Fund from the amount standing to his credit in the fund in accordance with the rules of the fund;

(*f*) a loan to or by an insurance company as defined in the Insurance Act, 1938 (Central Act IV of 1938);

(*g*) a loan to or by a bank;

(*h*) an advance of not less than three thousand rupees made on the basis of a negotiable instrument as defined in the Negotiable Instruments Act, 1881 (Central Act XXVI of 1881) other than on the basis of a promissory note;

(*i*) except for the purposes of sections 26 and 28,—

(i) a loan to a trader;

(ii) a loan to a money-lender who holds a valid licence; or

(iii) a loan by a landlord to his tenant for financing of crops or seasonal finance of not more than fifty rupees per acre of land held by the tenant;

(10) "money-lender" means

(i) an individual; or

(ii) an undivided Hindu family; or

(iii) a company; or

(iv) an unincorporated body of individuals;

who or which—

(*a*) carries on the business of money-lending in the State; or

(*b*) has his or its principal place of such business in the State,

but shall not include a bank;

(11) "notification" means a notification published in the ficial Gazette;

(12) "prescribed" means prescribed by rules made under this ct;

(13) "principal" means in relation to a loan, the advance tually made to the debtor;

(14) "Provident Fund" means a Provident Fund as defined in e Provident Funds Act, 1925 (Central Act XIX of 1925), and cludes a Government Provident Fund and a Railway Provident und as defined in the said Act;

(15) "recognised language" means the language of the Court;

(16) "register" means a register of money-lenders maintained ıder section 4;

(17) "rules" means rules made under this Act;

(18) "State" means the State of Mysore;

(19) "suit to which this Act applies" means any suit or :oceeding—

(*a*) for the recovery of a loan made after the date on which this Act comes into force;

(*b*) for the enforcement of any security taken, or any agreement made after the date on which this Act comes into force in respect of any loan made either before or after the said date; or

(*c*) for the redemption of any security given after the date on which this Act comes into force in respect of any loan made either before or after the said date;

(20) "trader" means a person who in the regular course of business buys and sells goods or other property, whether movable or immovable, and includes—

a wholesale or retail merchant,

a commission agent,

a broker,

a manufacturer,

a contractor,

a factory owner,

but does not include an artisan or a person who sells his agricultural produce or cattle or buys agricultural produce or cattle for his use.

Explanation.—For the purposes of this clause an "artisan" means a person who does not employ more than ten workers in a manufacturing process on any one day of the twelve months immediately preceding.

3. Appointment of Registrar General, Registrars and Assistant Registrars.—The State Government may, by notification, appoint a Registrar General, Registrars and Assistant Registrars of Money-lenders for the purposes of this Act and may define the areas within which each such officer shall exercise his powers and perform his duties.

4. Register of money-lenders.—Every Assistant Registrar shall maintain for the area in his jurisdiction a register of money-lenders in such form as may be prescribed.

5. Money-lenders to obtain licence.—No person shall carry on the business of money-lending in the State except in accordance with the terms and conditions of a licence.

6. Application for licence.—(1) Every money-lender shall annually before such date as may be prescribed make an application in the prescribed form for the grant of a licence to the Assistant Registrar of the area within the limits of which the place where he intends to carry on the business of money-lending, or if he intends to carry on such business at more than one place in the area, the

principal place of such business, is situated. Such application shall contain the following particulars, namely :—

(*a*) the name in which such money-lender intends to carry on business and the name of the person proposed to be responsible for the management of the business ;

(*b*) if the application is by or on behalf of—

(i) an individual, the name and address of such individual ;

(ii) an undivided Hindu family, the names and addresses of the manager or the karnavan or the yajaman and the adult coparceners of such family;

(iii) a company, the names and addresses of the directors, and of the manager or principal officer managing it ;

(iv) an unincorporated body of individuals, the names and addresses of such individuals ;

(*c*) the area and the place or principal place of the business of money-lending in the State ;

(*d*) the name of any other place in the State where the business of money-lending is carried on or intended to be carried on ;

(*e*) whether the person signing the application has himself or any of the adult coparceners of an undivided Hindu family, or any director, manager or principal officer of the company or any member of the unincorporated body on behalf of which such application has been made, as the case may be, has carried on the business of money-lending in the State in the year ending on the 31st day of December immediately preceding the date of the application either individually, or in partnership, or jointly with any other coparcener or any other person and whether in the same or any other name ;

(*f*) the total amount of the capital which such person intends to invest in the business of money-lending in the year for which the application has been made;

(*g*) if the places at which the business of money-lending is to be carried on are more than one, the names of persons who shall be in the management of the business at each such place.

(2) The application shall be in writing and shall be signed,—

(*a*) (i) if the application is made by an individual, by the individual ;

(ii) if the application is made on behalf of an undivided Hindu family, by the manager or the karnavan or the yajaman, as the case may be, of such family;

(iii) if the application is made by a company or unincorporated body, by the managing director or any other person having control of its principal place of business in the territory of India or of its place of business in the area in which it intends to carry on the business; or

(*b*) by an agent authorised in this behalf by a power-of-attorney by the individual money-lender himself or the family, or the company or the unincorporated body, as the case may be.

(3) The application shall also contain such other particulars as may be prescribed.

(4) The application shall be accompanied by a licence fee at the following rates:—

(*a*) if the place at which the business of money-lending is to be carried on is not more than one.	ten rupees;
(*b*) if the business of money-lending is to be carried on at more than one place within the limits of the area of the Registrar.	ten rupees for the licence for the principal place of business and three rupees for the licence for each of the other places in the area:

Provided that where an application is made after the expiry of the period prescribed by rules in respect of such application, it shall be accompanied by a licence fee at double the rates specified above.

(5) The fee payable under this section shall be paid in the manner prescribed and shall not be refunded, notwithstanding the fact that the grant of the licence is refused or the application is withdrawn.

7. Grant of licence and entry in register.—(1) On receipt of an application under section 6 and after making a summary inquiry in accordance with the prescribed procedure, the Assistant Registrar shall forward the application, together with his report, to the Registrar. The Registrar may after making such further inquiry, if any, as he deems fit, grant the applicant a licence in such form and subject to such conditions as may be prescribed, and direct the Assistant Registrar to enter the name of such applicant in the register maintained by him under section 4.

If the application is in respect of more than one place of business in the area under the jurisdiction of the Registrar, a separate licence in respect of each such place shall be granted in the name of the applicant and the person responsible for the management of the business at such place.

(2) If the application also contains a request for the grant of a licence to carry on the business of money-lending at any place within the State, but at a place outside the jurisdiction of the Registrar who granted the licence in respect of the principal place of business of the money-lender, the Registrar shall forward copies of the application and of the licence granted to the Registrar having jurisdiction who may grant a licence on payment of the licence fee provided for in section 6 without making any inquiry in respect of the application.

8. Refusal of issue of licence.—(1) The grant of licence shall not be refused except on any of the following grounds :—

(*a*) that the applicant, or any person responsible or proposed to be responsible for the management of his business as a money-lender, is disqualified by an order under section 16 from holding a licence;

(*b*) that the applicant has not complied with the provisions of this Act or the rules in respect of an application for the grant of a licence;

(*c*) that the applicant has made wilful default in complying with or knowingly acted in contravention of any requirements of this Act;

(*d*) that satisfactory evidence has been produced that the applicant or any person responsible or proposed to be responsible for the management of his business of money-lending has—

(i) knowingly participated in or connived at any fraud or dishonesty in the conduct of or in connection with the business of money-lending, or

(ii) been found guilty of an offence under Chapter XVII or Chapter XVIII of the Indian Penal Code.

(2) The Registrar shall, before refusing a licence under sub-section (1), record the evidence adduced before him and his reasons for such refusal.

(3) An appeal shall lie from an order of the Registrar refusing a licence under sub-section (1), to the Registrar General whose decision shall be final.

9. Registrar's power to cancel licences.—(1) The Registrar may, during the term of any licence, cancel the same by an order in writing on the ground that the person to whom it was granted has been guilty of any act or conduct for which he might under section 8 have refused him the grant of the licence and which act or conduct was not brought to his notice at the time of the grant of licence.

(2) Before cancelling a licence under sub-section (1), the Registrar shall give notice in writing to the licensee and may hold such inquiry as may be necessary.

(3) An appeal shall lie from an order of the Registrar cancelling a licence under sub-section (1), to the Registrar General whose decision thereon shall be final.

10. Term of licence.—A licence shall be valid from the date on which it is granted to the 31st day of December following:

Provided that where a money-lender holding a licence has made an application for a fresh licence before the date prescribed under sub-section (1) of section 6, for the succeeding year, such money-lender shall, notwithstanding the expiry of the term of his licence, be deemed to have a valid licence until orders are received by him on his application for the fresh licence.

11. Stay of suits by money-lenders not holding licence.—(1) After the expiry of six months from the date on which this Act comes into force, no Court shall pass a decree in favour of a money-lender in any suit to which this Act applies, filed by a money-lender, unless the Court is satisfied that at the time when the loan or any part thereof to which the suit relates was advanced, the money-lender held a valid licence.

(2) If during the trial of any such suit, the Court finds that the money-lender had not held such licence, the Court may, on the application of the money-lender, stay the hearing of the suit and require him to produce within a period of three months a licence on payment to the Registrar of all the arrears of the licence fees payable by him under this Act for the period commencing from the date on which he started the business of money-lending or the expiry of six months from the date on which this Act comes into force, whichever is later, together with such penalty, not exceeding five hundred rupees as the Court may direct:

Provided that when the Court is satisfied that the failure of the money-lender to obtain a licence was due to any reasonable cause, the Court may direct that no penalty as aforesaid or part of such penalty shall be paid by the money-lender.

(3) The Court may, on sufficient cause being shown, from time to time extend the period during which the money-lender shall be required to produce a licence.

(4) If the money-lender fails to produce the licence required under sub-section (2) within the period specified therein or within such period as may be extended under sub-section (3), the Court shall dismiss the suit. If the money-lender produces such licence within the aforesaid period, the Court shall proceed to hear the suit.

(5) Nothing in this section shall affect—

(*a*) suits in respect of loans advanced by a money-lender before the date on which this Act comes into force ;

(*b*) the powers of an official receiver, an administrator or a Court under the provisions of the Mysore Insolvency Act, 1925, or other corresponding law in force in any area of the State, or of a liquidator under the Companies Act, 1956, to realise the property of a money-lender.

12. Entry in register and grant of licence to a money-lender directed to obtain licence under section 11.—Any money lender who is required under sub section (2) of section 11 to produce a licence shall make an application to the Registrar through the Assistant Registrar in the manner specified in section 6 and on receipt of such application, the Registrar may, subject to the provisions of section 8, and after making such inquiry as he deems fit, grant the money-lender on payment of the arrears of licence fee, and the penalty, if any, directed by the Court to be paid, a licence in the form and subject to the conditions specified in section 7 and direct the Assistant Registrar to enter the name of the money-lender in the register.

13. Application for cancellation of licence.—(1) Any person may, during the currency of a licence, file an application, to the Registrar for the cancellation of the licence issued to a money-lender on the ground that such money-lender has been guilty of any act or conduct for which the Registrar may under section 8 refuse him the grant of a licence. At the time of filing his application the said person shall deposit such amount not exceeding one hundred rupees as the Registrar may direct.

(2) On the receipt of such application and deposit, the Registrar shall hold an inquiry and if he is satisfied that the money-lender has been guilty of such act or conduct he may cancel the licence of the money-lender and may also direct the return of the deposit made under sub-section (1)

(3) If in the opinion of the Registrar, an application made under sub-section (1) is frivolous or vexatious, he may, out of the deposit made under sub-section (1), direct to be paid to the money-lender such amount as he deems fit as compensation.

(4) Any person aggrieved by an order of the Registrar under sub-section (2) or (3) may, within such time and on payment of such fee as may be prescribed, appeal to the Registrar General and the order of the Registrar General on such appeal shall be final.

14. Registrar and Assistant Registrar to have powers of Civil Court.—For the purposes of sections 7 and 13, the Registrar and Assistant Registrar shall have and may exercise the same powers as are vested in a Civil Court under the Code of Civil Procedure, 1908, in respect of the following matters:—

(*a*) enforcing the attendance of any person and examining him on oath

(*b*) compelling the production of documents and material objects;

(*c*) issuing commissions for the examination of witnesses; and

(*d*) proof of facts by affidavits.

15. Power of authorized officer to require production of record or documents.—For the purpose of verifying whether the business of money-lending is carried on in accordance with the provisions of this Act, any Registrar, Assistant Registrar or any other officer authorised by the State Government in this behalf, may require any money-lender or any person in respect of whom the Registrar, Assistant Registrar or the officer so authorised has reason to believe that he is carrying on the business of money-lending in the State, to produce any record or document in his possession which in his opinion is relevant for the purpose, and thereupon such money-lender or person shall produce such record or document. The Registrar, Assistant Registrar or officer so authorised may after reasonable notice at any reasonable time enter any premises where he believes such record or document to be and may ask any question necessary for interpreting or verifying such record.

16. Court's power to cancel or suspend a licence.—(1) (i) A Court passing an order of conviction against a money-lender for an offence under this Act, or (ii) a Court trying a suit to which this Act applies, if satisfied that such money-lender has committed such contravention

of any provision of this Act or the rules as would, in its opinion, make him unfit to carry on the business of money-lending,—

(*a*) may order that all the licences held by such money-lender in the State be cancelled or suspended for such period as it may think fit; and

(*b*) may, if it thinks fit, declare any such money-lender, or if any money-lender is an undivided Hindu family, a company or an unincorporated body, such family, company or body and also any person responsible for the management of the business of money-lending carried on by such family, company or body, to be disqualified from holding any licence in the State for such time as the Court may think fit:

Provided that no order or declaration shall be made under this sub-section unless a reasonable opportunity has been given to the person concerned to show cause against the order or declaration proposed to be made.

(2) Where a Court convicts a money-lender of an offence under this Act, or makes an order or declaration under clause (*a*) or (*b*) of sub-section (1), it shall cause the particulars of the conviction, order or declaration, as the case may be, to be endorsed on all the licences held by the money-lender convicted or by any other person affected by the order or declaration and shall cause copies of its order or declaration to be sent to the Registrars by whom the licences were granted, for the purpose of entering such particulars in the registers:

Provided that where any licence held by any money-lender is suspended or cancelled or any money-lender is disqualified from holding any licence under this section he may appeal against such order to the Court to which an appeal ordinarily lies from the decision of the Court passing the order; and the Court which passed the order or the Court of appeal may, if it thinks fit, pending the appeal, stay the operation of the order under this section.

(3) Any licence required by a Court for endorsement in accordance with sub-section (2) shall be produced by the person by whom it is held in such manner and within such time as may be directed by the Court and any person who, without reasonable cause, makes default in producing the licence so required shall be liable, on conviction, to a fine which may extend to five hundred rupees for each day of the period during which the default continues.

(4) Powers conferred on a Court under this section may be exercised by any Court in appeal or in revision.

17. No compensation for suspension or cancellation of licence.—Where any licence is suspended or cancelled under this Act, no person shall be entitled to any compensation or the refund of any licence fee.

18. Persons debarred from doing business during period of suspension or cancellation of licence.—A person whose licence has been suspended or cancelled in accordance with the provisions of this Act shall not during the period of suspension or cancellation, as the case may be, carry on the business of money-lending in the State.

19. Person whose licence is suspended or cancelled not to apply without giving particulars of endorsement or of disqualification.—No person whose licence has been endorsed under section 16 or who has been disqualified from holding a licence shall apply for, or be eligible to hold a licence, without giving particulars of such endorsement or disqualification.

20. Duty of money-lender to keep accounts and furnish copies.—(1) Every money-lender shall keep and maintain a cash book and a ledger in such form and in such manner as may be prescribed.

(2) Every money-lender shall—

(*a*) deliver or cause to be delivered—

(i) to the debtor within thirty days from the date on which a loan is made, a statement in any recognised language showing in clear and distinct terms the amount and date of the loan and of its maturity, the nature of the security, if any, for the loan, the name and address of the debtor and of the money-lender and the rate of interest charged :

Provided that no such statement shall be required to be delivered to a debtor if he is supplied by the money-lender with a pass book which shall be in the prescribed form and shall contain an up-to-date account of the transactions with the debtor;

(ii) to the Assistant Registrar, within the said period, a statement containing the particulars referred to in sub-clause (i);

(*b*) upon repayment of a loan in full, mark indelibly every paper signed by the debtor with words indicating payment or cancellation, and discharge every mortgage, restore every pledge, return every note and cancel or reassign every assignment given by the debtor as security for the loan.

(3) No money-lender shall receive any payment from a debtor on account of any loan without giving him a duly signed receipt for the payment.

(4) No money-lender shall accept from a debtor any article as a pawn, pledge or security for a loan without giving him a signed receipt for the same with its description, estimated value, the amount of loan advanced against it and such other particulars as may be prescribed.

21. Delivery of statement of accounts and copies thereof by money-lender.—(1) Every money-lender shall deliver or cause to be delivered every year to each of his debtors a legible statement of such debtor's accounts signed by the money-lender or his agent of any amount that may be outstanding against such debtor. The statement shall show—

(i) the amount of principal and the amount of interest, separately, due to the money-lender ;

(ii) the amount of every payment already received by the money-lender in respect of the loan during the year together with the date on which each payment was made;

(iii) all payments credited first in the account of interest and the residue, if any, of any payment more than sufficient to discharge the balance of interest due at the time it is made, credited to the debtor in the account of principal, in the alternative such of the payments credited first in the account of principal as the money-lender may determine and the remaining payments credited in the account of interest calculated on the basis of the decreased balance of principal and when the balance of interest is fully discharged the residue of the payments, if any, further credited in the account of principal ;

(iv) the amount of principal and interest remaining unpaid.

The statement shall be signed by the money-lender, or his agent, and shall be in any recognised language. It shall be in such form and shall be supplied to the debtor on or before such date as may be prescribed :

Provided that no such statement shall be required to be delivered to a debtor if he is supplied by the money-lender with a pass book which shall be in the prescribed form and shall contain an up-to-date account of the transactions with the debtor.

The money-lender shall on or before the aforesaid date deliver or cause to be delivered a statement containing the particulars specified in clauses (i) to (iv) to the Assistant Registrar.

(2) In respect of any particular loan, whether advanced before or after the date on which this Act comes into force, the money-lender shall, on demand in writing being made by the debtor at any time during the period when the loan or any part thereof has not been repaid, and on payment of the prescribed fee supply to the debtor or if the debtor so requires, to any person specified in that behalf in the demand, a statement, in any recognised language, signed by the money-lender or his agent, and containing the relevant particulars specified in sub-section (1).

(3) A money-lender shall, on a demand in writing by the debtor, and tender of the prescribed sum of expenses, supply a copy of any document relating to a loan made by him or any security therefor, to the debtor, or if the debtor so requires, to any person specified in that behalf in the demand.

(4) For the purposes of this section "year" means the calendar year.

22. Fees for certain statements supplied to debtors and Assistant Registrars.—(1) A money-lender may recover from a debtor fees for the statements or a pass book supplied to him under sub-section (2) of section 20 or sub-section (1) of section 21 and in respect of copies of such statements supplied to the Assistant Registrar under the said sub-sections.

(2) Such fees shall be recoverable at such rates and in such manner as may be prescribed, subject to the maximum of two rupees per debtor, per year, irrespective of the number of statements or copies thereof supplied to the debtor or the Assistant Registrar during the relevant year.

23. Debtors not bound to admit correctness of accounts.—A debtor to whom a statement of accounts or a pass book has been furnished under section 20 or 21 shall not be bound to acknowledge or deny its correctness and his failure to do so shall not, by itself, be deemed to be an admission of the correctness of the accounts.

24. Procedure of court in suits regarding loans.—Notwithstanding anything contained in any law for the time being in force, in any suit to which this Act applies,—

(*a*) a Court shall, before deciding the claim on merits, frame and decide the issue whether the money-lender has complied with the provisions of sections 20 and 21;

(*b*) if the Court finds that the provisions of section 20 or section 21 have not been complied with by the money-lender, it may, if the plaintiff's claim is established, in whole or in part, disallow the whole or any portion of the interest found due as may seem reasonable to it in the circumstances of the case and may disallow costs.

Explanation.—A money-lender who has given the receipt or furnished a statement of accounts or a pass book in the prescribed form and manner, shall be held to have complied with the provisions of section 20 or section 21, as the case may be, in spite of any errors and omissions if the Court finds that such errors and omissions are not material or not fraudulent.

25. Provisions of certain sections not to apply to loans made by company or unincorporated body exempted by Government.—Nothing in sections 20 to 24 shall apply to loans advanced by any class of companies or unincorporated bodies which the State Government may by notification exempt from the operation of those sections.

26. Power of Court to limit interest recoverable in certain cases.—Notwithstanding anything contained in any agreement or any law for the time being in force, no Court shall in respect of any loan whether advanced before or after the date on which this Act comes into force, decree, on account of interest, a sum greater than the principal of the loan due on the date of the decree.

27. Power of Court to direct payment of decretal amount by instalments.—The Court may, at any time, on application of a judgment-debtor, after notice to the decree-holder, direct that the amount of any decree passed against him, whether before or after the date on which this Act comes into force, in respect of a loan, shall be paid in such number of instalments and subject to such conditions, and payable on such dates, as, having regard to the circumstances of the judgment-debtor and the amount of the decree, it considers fit.

28. Limitation on rates of interest.—(1) The State Government may from time to time by notification fix the maximum rates of interest for any local area or class of business of money-lending in respect of secured and unsecured loans.

(2) Notwithstanding anything contained in any law for the time being in force, no agreement between a money-lender and a debtor for payment of interest at a rate exceeding the maximum rate fixed by the State Government under sub-section (1), shall be valid and no Court shall in any suit to which this Act applies award interest exceeding the said rates.

(3) If any money-lender charges or receives from a debtor interest at a rate exceeding the maximum rate fixed by the State Government under sub-section (1), he shall, for the purposes of section 39, be deemed to have contravened the provisions of this Act.

29. Prohibition of charge for expenses on loans by money-lenders.—No money-lender shall receive from a debtor or intending debtor any sum other than reasonable costs of investigating title to the property, costs of stamp, registration of documents and other usual out-of-pocket expenses in cases where an agreement between the parties includes a stipulation that property is to be given as security or by way of mortgage and where both parties have agreed of such costs and reimbursement thereof; or where such costs, charges or expenses are leviable under the provisions of the Transfer of Property Act, 1882, or any other law for the time being in force.

30. Notice and information to be given on assignment of loan.—(1) Where a loan advanced, whether before or after the date on which this Act comes into force, or any interest on such loan or the benefit of any agreement made or security taken in respect of such loan or interest, is assigned to any assignee, the assignor (whether he is the money-lender by whom the money was lent or any person to whom the debt has been previously assigned) shall, before the assignment is made,—

(*a*) give the assignee notice in writing that the loan, interest, agreement or security is affected by the operation of this Act;

(*b*) supply to the assignee all information necessary to enable him to comply with the provisions of this Act; and

(*c*) give the debtor notice in writing of the assignment supplying the name and address of the assignee.

(2) Any person acting in contravention of the provisions of sub-section (1) shall be liable to indemnify any other person who is prejudiced by the contravention.

31. Application of Act as respects assignees.—(1) Save as hereinafter provided, where any debt due to a money-lender in respect of money lent by him whether before or after the date on which this Act comes into force, or of interest on money so lent or of the benefit of any agreement made or security taken in respect of any such debt or interest, has been assigned, the assignee shall be deemed to be the money-lender and all the provisions of this Act shall apply to such assignee as if he were the money-lender.

(2) Notwithstanding anything contained in this Act or in any other law for the time being in force, where for any reason any such assignment is invalid and the debtor has made any payment of money or transfer of property on account of any loan which has been so assigned, the assignee shall in respect of such payment or transfer be deemed to be the agent of the money-lender for all the purposes of this Act.

32. Reopening of transactions.—Notwithstanding anything contained in any law for the time being in force, the Court shall, in any suit to which this Act applies, whether heard *ex parte* or otherwise,—

(*a*) reopen any transaction, or any account already taken between the parties;

(*b*) take an account between the parties;

(*c*) reduce the amount charged to the debtor in respect of any excessive interest;

(*d*) if on taking accounts it is found that the money-lender has received more than what is due to him, pass a decree in favour of the debtor in respect of such amount:

Provided that in the exercise of these powers, the Court shall not—

(i) reopen any adjustment or agreement purporting to close previous dealings and to create new obligations which have been entered into by the parties or any person through whom they claim at a date more than six years from the date of the suit;

(ii) do anything which affects any decree of a Court.

Explanation.—For the purpose of this section "excessive interest" means interest at a rate which contravenes any of the provisions of section 28.

33. Inquiry for taking accounts and declaring the amount due.—(1) Any debtor may make an application at any time to the Court, whether the loan has or has not become payable, for taking accounts and for declaring the amount due to the money-lender. Such application shall be in the prescribed form and accompanied by the prescribed fee.

(2) On receipt of such application, the Court shall cause a notice of the application to be given to the money-lender.

(3) On the date fixed for the hearing of the application or on such date to which the hearing may be adjourned from time to time, the Court shall make an inquiry and shall after taking an account of the transactions between the parties pass an order declaring the amount, if any, still payable by the debtor to the money-lender, in respect of the principal and interest, if any. In taking accounts under this section the Court shall follow the provisions of sections 20 to 32 and section 35.

34. Deposit in Court of money due to money-lender.—(1) At any time a debtor may tender to a money-lender any sum of money due from him to the money-lender in respect of a loan by way of principal, interest or both.

(2) If the money-lender refuses to accept any sum so tendered, the debtor may deposit the said sum in Court to the account of the money-lender.

(3) The Court shall thereupon cause written notice of the deposit to be served on the money-lender, and he may, on presenting a petition stating the sum then due in respect of the loan, and his willingness to accept the said sum, receive and appropriate it first towards the interest and the residue if any towards the principal.

(4) When the money-lender does not accept the sum, the Court shall appropriate the said sum first towards the interest and the residue if any towards the principal.

35. When interest to be paid for entire month.—Notwithstanding any agreement between the parties or any law for the time being in force, when a statement is delivered or pass book is supplied to a debtor under section 21 or if accounts are taken under section 33, or a tender is made by a debtor to a money-lender in respect of a loan under section 34 before the sixteenth day of a calendar month, the interest due shall be calculated as payable for fifteen days of the said month, and if the statement is delivered or pass book is supplied or accounts are taken or tender is made on any subsequent day, then for the entire calendar month irrespective of the fact that such statement is delivered or pass book is supplied or such accounts are taken or such tender is made on any such day.

36. Money-lenders to exhibit their names over shops.—Every money-lender shall always keep exhibited over his shop or place of business, his name with the word 'money-lender' and its equivalent in Kannada.

37. Entry of wrong sum in bond, etc., to be an offence.—(1) No money-lender shall take any promissory note, acknowledgment, bond or other writing which does not state the actual amount of the loan, or which states such amount wrongly or execute any instrument in which blanks are left to be filled after execution.

(2) Whoever contravenes the provisions of sub-section (1), shall, on conviction, be punished with imprisonment which may extend to six months or with fine which may extend to one thousand rupees or with both.

38. Penalty for molestation.—Whoever molests, or abets the molestation of, a debtor for the recovery of a debt due by him to a creditor shall, on conviction, be punished with imprisonment which may extend to six months or with fine which may extend to one thousand rupees or with both.

Explanation.—For the purposes of this section, a person who, with intent to cause another person to abstain from doing any act which he has a right to do or to do any act which he has a right to abstain from doing,—

(*a*) obstructs or uses violence to or intimidates such other person, or

(*b*) persistently follows such other person from place to place or interferes with any property owned or used by him or deprives him of, or hinders him in, the use of any such property, or

(*c*) loiters at or near a house or other place where such other person resides or works, or carries on business, or happens to be, or

(*d*) does any act calculated to annoy or intimidate such other person or the members of his family, or

(*e*) moves or acts in a manner which causes or is calculated to cause alarm or danger to the person or property of such other person,

shall be deemed to molest such other person:

Provided that a person who goes to the house or place referred to in clause (*c*) in order merely to obtain or communicate information shall not be deemed to molest.

39. General provision regarding penalties.—Whoever fails to comply with or acts in contravention of any provision of this Act,

shall, if no specific penalty has been provided for in this Act, on conviction, be punished—

(*a*) for the first offence with simple imprisonment which may extend to two months or with fine which may extend to five hundred rupees or with both, and

(*b*) for the second or subsequent offence with imprisonment which may extend to six months or with fine or with both.

40. Offences by Hindu Joint Family, Corporation, etc.—(1) If the person contravening any of the provisions of this Act is an undivided Hindu family, the person responsible for the management of the business of such family shall be deemed to be guilty of such contravention.

(2) (*a*) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of the business of the company, as well as the company shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly :

Provided that nothing contained in this clause shall render any such person liable to any punishment provided in this Act if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(*b*) Notwithstanding anything contained in clause (*a*), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of or is attributable to any neglect on the part of, any director, manager, secretary, or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(*a*) "company" means a body corporate and includes a firm or other association of individuals, and

(*b*) "director" in relation to a firm means a partner in the firm

41. Certain offences to be cognizable.—Offences punishable—

(*a*) under section 39 for contravening the provisions of section 5, and

(*b*) under section 38,

shall be cognizable.

42. Every officer to be public servant.—Every officer of the Government acting under the provisions of this Act shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code.

43. Saving of laws relating to agriculturists' indebtedness.—Nothing in this Act shall affect any of the provisions of any enactment relating to relief of agriculturists' indebtedness.

44. Rules.—(1) The State Government may, after previous publication, by notification, make rules for carrying out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(*a*) the form of the register under section 4;

(*b*) the form of the application for a licence, the further particulars to be included therein and the manner of payment of licence fee under section 6;

(*c*) the form and conditions of the licence, and the procedure for a summary inquiry under section 7;

(*d*) the form of cashbook and ledger and the manner in which they should be maintained under sub-section (1) of section 20 and the other particulars to be prescribed under sub-section (4) of that section;

(*e*) the form of the statement of accounts and pass books to be furnished or delivered and the date before which it is to be furnished or delivered under sub-section (1), the fee to be paid under sub-section (2), and the sum of expenses to be paid under sub-section (3), of section 21;

(*f*) the rates at which and the manner in which fees may be recovered under section 22;

(*g*) the form of application and the fee to be paid under sub-section (1) of section 33;

(*h*) the period within which appeals under this Act have to be filed and the fee payable in respect of such appeals;

(*i*) any other matter which has to be or may be prescribed under this Act or any matter for which there is no provision or insufficient provision in this Act and for which provision is, in the opinion of the State Government, necessary for giving effect to the provisions of this Act.

(3) Every rule made under this Act, shall be laid, as soon as may be after it is made before each House of the State Legislature while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

45. Repeal and savings.—The Bombay Money-lenders Act, 1946 (Bombay Act XXXI of 1947), as in force in the Bombay Area; the Coorg Money-lenders Act, 1939 (Coorg Act I of 1939), as in force in the Coorg District; the Hyderabad Money-lenders Act, 1349 F (Hyderabad Act V of 1349 Fasli), and the Hyderabad Money-lenders (Validity of Licenses) Act, 1956 (Hyderabad Act XLVIII of 1956), as in force in the Hyderabad Area; the Madras Debtors Protection Act, 1934 (Madras Act VII of 1935) as in force in the Madras Area and the Mysore Money-lenders Act, 1939 (Mysore Act XII of 1939) as in force in the Mysore area, are hereby repealed:

Provided that section 6 of the Mysore General Clauses Act, 1899 (Mysore Act III of 1899) shall be applicable in respect of the repeal of the said enactments and sections 8 and 24 of the said Act shall be applicable as if the said enactments had been repealed and re-enacted by this Act.

~~*The Bill has been passed by both Houses of the Legislature.*~~

~~SPEAKER,~~
~~*Legislative Assembly.*~~

By order and in the name of
the Governor of Mysore

(T. K. TUKOL)
Secretary to Government
Law Department

MYSORE LEGISLATURE

LEGISLATURE SECRETARIAT
P. B. No. 74,

No. 11899/LA.
Encls 13

Bangalore-1, dated 23/12 *1961.*

FROM

THE SECRETARY,

MYSORE LEGISLATURE.

TO

The Secretary to Government,
Law Department,
Bangalore.

SIR,

Sub: The Mysore Money-Lenders Bill, 1961.

I forward herewith for assent three copies of the Mysore Money-Lenders Bill, 1961, as passed by both Houses of the Legislature and signed by the Speaker, Legislative Assembly.

Yours faithfully,

Secretary
Mysore Legislature.

DS (Leg)
23/12

lvrn.

No.A4/646/61-62/Encls: Bills.

From

THE PALACE,

MYSORE.

January 6, 1962.

The Secretary to the Governor of Mysore,
Mysore.

To

The Secretary to the Government of India,
Ministry of Home Affairs, New Delhi.

Sir,

Subject:- The Mysore Money-Lenders Bill, 1961.

I am directed to invite reference to letter No.Parl.6(57)/58 dated 13th February 1959 from the Ministry of Commerce and Industry, Government of India conveying the previous sanction of the President under the proviso to clause (b) of Article 304 of the Constitution for the introduction of the Mysore Money-lenders Bill, 1958, in the State Legislature and to state that the modifications suggested by the Government of India in respect of clause 2 of the Bill were incorporated and the Bill was introduced in the State Legislative Council on 3rd April 1959 and was referred to a Joint Select Committee on 7th December 1959. The report of the Joint Select Committee was presented on the 20th April 1961 and the Bill as reported by the Joint Select Committee was passed by the Legislative Council on the 21st July 1961. The Bill as passed by the Legislative Council was passed by the State Legislative Assembly on the 21st November 1961.

2. The subject matter of the Bill falls under entry 30 of List-II (State List) of the Seventh Schedule to the Constitution. In view of the fact that the Bill to which the previous sanction of the President was given under the proviso of clause (b) of Article 304 of the Constitution for introduction in the State Legislature has undergone amendments in the course of its passage through the Houses of Legislature, the Bill as finally passed cannot be considered to be the same Bill to which previous sanction of the President was given. In order to obviate any difficulty which may arise on this account and to ensure the validity of the Act as contemplated by Article 255 of the Constitution, the Bill has been reserved by the Governor under Article 200 of the Constitution for the consideration of the President.

3. Three copies of the Bill printed on parchment paper are forwarded for obtaining the assent of the President.

4. Five copies of each of the following documents are herein enclosed, namely:-

(1) the Bill as introduced in the State Legislative Council;
(2) the report of the Joint Select Committee;
(3) the Bill as passed by the Legislative Council and laid on the Table of the Legislative Assembly;
(4) the Bill as passed by the Legislative Council and the Legislative Assembly.

5. I am to request that the assent of the President to the Bill may kindly be obtained and communicated early.

Yours faithfully,

Sd

(D.J. Balaraj)
Secretary to the Governor.

No.A4/646/61-62.

Copy of the foregoing is forwarded to the Secretary to the Government of Mysore, Law Department, Bangalore. for

Secretary
to the Governor of Mysore.

GOVERNMENT OF MYSORE

Issued
Mis

NO. LAW 99 LGN 58

Mysore Government Secretariat,
VIDHANA SOUDHA.

Dated, Bangalore,....5th....3rd Feb 1962
Magha, 1883 (S.E.)

FROM

The *Secretary to the Government of Mysore,*
Law Department.

To

The Secretary to the Government of India,
Ministry of Home Affairs,
New Delhi.

Subject:- The Mysore Money Lenders Bill, 1961

Sir,

I am directed to invite reference to letter No. A4/646/61-62 dated the 6th January, 1962, from the Secretary to the Governor of Mysore, on the subject noted above, and to request that the assent of the President to the Bill may kindly be obtained and communicated to this Government early.

Yours faithfully,

5/2/62

(M.A. SRIKRISHNA)
DEPUTY SECRETARY TO GOVERNMENT,
LAW DEPARTMENT.

THE PALACE,
MYSORE.

No.A4/646/61-62

March 13, 1962.

From

The Secretary to the Governor of Mysore

To

The Secretary to the Government of Mysore,
Law Department, Bangalore.

Sir,

Sub: The Mysore Money-Lenders Bill, 1961.

I am desired to note below copy of a telegram dated 9-3-1962 from the Ministry of Home Affairs, New Delhi, intimating that the President has assented to the above Bill:-

NO 17/12/62 JUDL I YOUR LETTER NO A4/646/61-62 DATED 6TH JANUARY 1962 (.) PRESIDENT ASSENTED TO MYSORE MONEY-LENDERS BILL 1961 ON 8TH MARCH 1962 (.) LETTER FOLLOWS (.)

-HOME-

Yours faithfully,

(M.S. Narayanaswamy)
for Secretary to the Governor of Mysore.

255
See.
14 MAR 1962
Registrar-I
Law Department.

GOVERNMENT OF MYSORE

No. LAW 68 LGN 61.

Mysore Government Secretariat,
VIDHANA SOUDHA,

Dated, Bangalore,.....March..1962.
Phalguna 1883 (S.E).

FROM

The *Secretary to the Government of Mysore,*
Law Department.

To

The Secretary,
Mysore Legislature,
Bangalore.

Sir,

I am directed to state that the Bills noted below received the assent of the President on the dates noted against each:-

1. The Mysore Warehouses Bill, 1961..... 7th March 1962.
2. The Mysore Money-lenders Bill, 1961.... 8th March 1962.
3. The Mysore Pawnbrokers Bill, 1961..... 8th March 1962.

Yours faithfully,

17/3/62

(M.A. Srikrishna)
Deputy Secretary to Government,
Law Department.

Bhh/4
16-3-62.

Issued
MS
20.3.62.

GOVERNMENT OF MYSORE.

LAW DEPARTMENT.

NOTIFICATION.

Order No. LAW....99.... /LGN....58....., *Bangalore, Dated* 20th March, 1962.
Phalguna 29, 1883 (S.E.)

Ordered that the Mysore Money-Lenders Act, 1961,

.....

.....

which received the assent of the ~~Governor~~ President, on the Eighth day of March, 1962, be published as Mysore Act No. 12 of 1962, in the *Mysore Gazette* for general information.

x x x

(Here insert the enclosed matter).

~~Secretary to Government~~
~~Law Department~~

To

The Compiler, *Mysore Gazette*, for publication in Part IV, Section 2-B of the next issue of the Gazette, in English and Kannada and for supply of spare copies in English and Kannada as per standing orders.

dated the ~~29th~~ 29th March, 1962,

The Chief Translator to Government

WD 05906—GPR—1,000—23-7-59

THE MYSORE MONEY-LENDERS ACT, 1961.

Arrangement of ~~Clauses~~ Sections.

Sections.

~~Clauses~~

Preamble.

1 Short title, extent and commencement.

2 Definitions.

3 Appointment of Registrar General, Registrars and Assistant Registrars.

4 Register of money-lenders.

5 Money-lenders to obtain licence.

6 Application for licence.

7 Grant of licence and entry in register.

8 Refusal of issue of licence.

9 Registrar's power to cancel licences.

10 Term of licence.

11 Stay of suits by money-lenders not holding licence.

12 Entry in register and grant of licence to a money-lender directed to obtain licence under section 11.

13 Application for cancellation of licence.

14 Registrar and Assistant Registrar to have powers of Civil Court.

15 Power of authorised officer to require production of record or documents.

16 Court's power to cancel or suspend a licence.

17 No compensation for suspension or cancellation of licence.

18 Persons debarred from doing business during period of suspension or cancellation of licence.

19 Person whose licence is suspended or cancelled not to apply without giving particulars of endorsement or of disqualification.

20 Duty of money-lender to keep accounts and furnish copies.

21 Delivery of statement of accounts and copies thereof by money-lender.

22 Fees for certain statements supplied to debtors and Assistant Registrars.

23 Debtors not bound to admit correctness of accounts.

24 Procedure of court in suits regarding loans.

25 Provisions of certain sections not to apply to loans made by company or unincorporated body exempted by Government.

26 Power of Court to limit interest recoverable in certain cases.

27 Power of Court to direct payment of decretal amount by instalments.

28 Limitation on rates of interest.

29 Prohibition of charges for expenses on loans by money-lenders.

30 Notice and information to be given on assignment of loan.

31 Application of Act as respects assignees.

Sections.

32 Reopening of transactions.
33 Inquiry for taking accounts and declaring the amount due.
34 Deposit in Court of money due to money-lender.
35 When interest to be paid for entire month.
36 Money-lenders to exhibit their names over shops.
37 Entry of wrong sum in bond, etc., to be an offence.
38 Penalty for molestation.
39 General provision regarding penalties.
40 Offences by Hindu joint family, Corporation, etc.
41 Certain offences to be cognizable.
42 Every officer to be public servant.
43 Saving of laws relating to agriculturists' indebtedness.
44 Rules.
45 Repeal and savings.

MYSORE ACT NO. 12 OF 1962.

(First published in the Mysore Gazette on the Twenty-ninth day of March, 1962)

THE MYSORE MONEY-LENDERS ACT, 1961.

(Received the assent of the President on the Eighth day of March, 1962)

An Act to regulate the transactions of money-lending in the State of Mysore.

WHEREAS it is expedient to make better provision for the regulation and control of transactions of money-lending in the State of Mysore;

BE it enacted by the Mysore State Legislature in the Twelfth Year of the Republic of India as follows:—

1. Short title, extent and commencement.—(1) This Act may be called the Mysore Money-lenders Act, 1961.

(2) It extends to the whole of the State of Mysore.

(3) It shall come into force on such date as the State Government may by notification, appoint.

2. Definitions.—In this Act, unless the context otherwise requires,—

(1) "bank" means a banking company as defined in the Banking Companies Act, 1949 (Central Act X of 1949), and includes the State Bank of India and any other banking institution notified under section 51 of the said Act;

(2) "business of money-lending" means the business of advancing loans whether or not in connection with or in addition to any other business;

(3) "capital" means a sum of money which a money-lender invests in the business of money-lending;

(4) "company" means a company as defined in the Companies Act, 1956 (Central Act 1 of 1956);

(5) "co-operative society" means a society registered or deemed to have been registered under the Mysore Co-operative Societies Act, 1959 (Mysore Act 11 of 1959);

(6) "interest" includes the return to be made over and above what was actually lent, whether the same is charged or sought to be recovered specifically by way of interest or otherwise, but does not include any sum lawfully charged by a money-lender for or on account of costs, charges or expenses in accordance with the provisions of this Act, or any other law for the time being in force;

(7) "licence" means a licence granted under this Act;

(8) "licence fee" means the fee payable in respect of a licence;

(9) "loan" means an advance at interest whether of money or in kind, and includes any transaction which the Court finds in substance to amount to such an advance, but does not include—

(*a*) a deposit of money or other property in a Government Post Office Bank or in a Mysore Government Savings Bank or in any other bank or in a company or with a co-operative society;

(*b*) a loan to, or by, or a deposit with, any society or association registered under the Mysore Societies Registration Act, 1960 (Mysore Act 17 of 1 60);

(*c*) a loan advanced by Government or by any local authority authorised by Government;

(*d*) a loan advanced by a co-operative society;

(*e*) an advance made to a subscriber to, or a depositor in, a Provident Fund from the amount standing to his credit in the fund in accordance with the rules of the fund;

(*f*) a loan to or by an insurance company as defined in the Insurance Act, 1938 (Central Act IV of 1938);

(*g*) a loan to or by a bank;

(*h*) an advance of not less than three thousand rupees made on the basis of a negotiable instrument as defined in the Negotiable Instruments Act, 1881 (Central Act XXVI of 1881) other than on the basis of a promissory note;

(*i*) except for the purposes of sections 26 and 28,—

(i) a loan to a trader;

(ii) a loan to a money-lender who holds a valid licence ; or

(iii) a loan by a landlord to his tenant for financing of crops or seasonal finance of not more than fifty rupees per acre of land held by the tenant ;

(10) " money-lender " means—

(i) an individual ; or

(ii) an undivided Hindu family ; or

(iii) a company ; or

(iv) an unincorporated body of individuals ;

who or which—

(*a*) carries on the business of money-lending in the State ; or

(*b*) has his or its principal place of such business in the State, but shall not include a bank ;

(11) " notification " means a notification published in the official Gazette ;

(12) " prescribed " means prescribed by rules made under this Act ;

(13) " principal " means in relation to a loan, the advance actually made to the debtor ;

(14) " Provident Fund " means a Provident Fund as defined in the Provident Funds Act, 1925 (Central Act XIX of 1925), and includes a Government Provident Fund and a Railway Provident Fund as defined in the said Act ;

(15) " recognised language " means the language of the Court ;

(16) " register " means a register of money-lenders maintained under section 4 ;

(17) " rules " means rules made under this Act ;

(18) " State " means the State of Mysore ;

(19) " suit to which this Act applies " means any suit or proceeding—

(*a*) for the recovery of a loan made after the date on which this Act comes into force ;

(*b*) for the enforcement of any security taken, or any agreement made after the date on which this Act comes into force in respect of any loan made either before or after the said date ; or

(*c*) for the redemption of any security given after the date on which this Act comes into force in respect of any loan made either before or after the said date ;

(20) "trader" means a person who in the regular course of business buys and sells goods or other property, whether movable or immovable, and includes—

a wholesale or retail merchant,

a commission agent,

a broker,

a manufacturer,

a contractor,

a factory owner,

but does not include an artisan or a person who sells his agricultural produce or cattle or buys agricultural produce or cattle for his use.

Explanation.—For the purposes of this clause an "artisan" means a person who does not employ more than ten workers in a manufacturing process on any one day of the twelve months immediately preceding.

3. Appointment of Registrar General, Registrars and Assistant Regis rars.— The State Government may, by notification, appoint a Registrar General, Registrars and Assistant Registrars of Money-lenders for the purposes of this Act and may define the areas within which each such officer shall exercise his powers and perform his duties.

4. Register of money-lenders.—Every Assistant Registrar shall maintain for the area in his jurisdiction a register of money-lenders in such form as may be prescribed.

5. Money-lenders to obtain licence.—No person shall carry on the business of money-lending in the State except in accordance with the terms and conditions of a licence.

6. Application for licence.—(1) Every money-lender shall annually before such date as may be prescribed make an application in the prescribed form for the grant of a licence to the Assistant Registrar of the area within the limits of which the place where he intends to carry on the business of money-lending, or if he intends to carry on such business at more than one place in the area, the

principal place of such business, is situated. Such application shall contain the following particulars, namely :—

(*a*) the name in which such money-lender intends to carry on business and the name of the person proposed to be responsible for the management of the business ;

(*b*) if the application is by or on behalf of—

(i) an individual, the name and address of such individual ;

(ii) an undivided Hindu family, the names and addresses of the manager or the karnavan or the yajaman and the adult coparceners of such family;

(iii) a company, the names and addresses of the directors, and of the manager or principal officer managing it ;

(iv) an unincorporated body of individuals, the names and addresses of such individuals ;

(*c*) the area and the place or principal place of the business of money-lending in the State ;

(*d*) the name of any other place in the State where the business of money-lending is carried on or intended to be carried on ;

(*e*) whether the person signing the application has himself or any of the adult coparceners of an undivided Hindu family, or any director, manager or principal officer of the company or any member of the unincorporated body on behalf of which such application has been made, as the case may be, has carried on the business of money-lending in the State in the year ending on the 31st day of December immediately preceding the date of the application either individually, or in partnership, or jointly with any other coparcener or any other person and whether in the same or any other name ;

(*f*) the total amount of the capital which such person intends to invest in the business of money-lending in the year for which the application has been made;

(*g*) if the places at which the business of money-lending is to be carried on are more than one, the names of persons who shall be in the management of the business at each such place.

(2) The application shall be in writing and shall be signed,—

(*a*) (i) if the application is made by an individual, by the individual ;

(ii) if the application is made on behalf of an undivided Hindu family, by the manager or the karnavan or the yajaman, as the case may be, of such family;

(iii) if the application is made by a company or unincorporated body, by the managing director or any other person having control of its principal place of business in the territory of India or of its place of business in the area in which it intends to carry on the business; or

(*b*) by an agent authorised in this behalf by a power-of-attorney by the individual money-lender himself or the family, or the company or the unincorporated body, as the case may be.

(3) The application shall also contain such other particulars as may be prescribed.

(4) The application shall be accompanied by a licence fee at the following rates:—

(*a*) if the place at which the business of money-lending is to be carried on is not more than one.	ten rupees;
(*b*) if the business of money-lending is to be carried on at more than one place within the limits of the area of the Registrar.	ten rupees for the licence for the principal place of business and three rupees for the licence for each of the other places in the area:

Provided that where an application is made after the expiry of the period prescribed by rules in respect of such application, it shall be accompanied by a licence fee at double the rates specified above.

(5) The fee payable under this section shall be paid in the manner prescribed and shall not be refunded, notwithstanding the fact that the grant of the licence is refused or the application is withdrawn.

7. Grant of licence and entry in register.—(1) On receipt of an application under section 6 and after making a summary inquiry in accordance with the prescribed procedure, the Assistant Registrar shall forward the application, together with his report, to the Registrar. The Registrar may after making such further inquiry, if any, as he deems fit, grant the applicant a licence in such form and subject to such conditions as may be prescribed, and direct the Assistant Registrar to enter the name of such applicant in the register maintained by him under section 4.

If the application is in respect of more than one place of business in the area under the jurisdiction of the Registrar, a separate licence in respect of each such place shall be granted in the name of the applicant and the person responsible for the management of the business at such place.

(2) If the application also contains a request for the grant of a licence to carry on the business of money-lending at any place within the State, but at a place outside the jurisdiction of the Registrar who granted the licence in respect of the principal place of business of the money-lender, the Registrar shall forward copies of the application and of the licence granted to the Registrar having jurisdiction who may grant a licence on payment of the licence fee provided for in section 6 without making any inquiry in respect of the application.

8. Refusal of issue of licence.—(1) The grant of licence shall not be refused except on any of the following grounds :—

(*a*) that the applicant, or any person responsible or proposed to be responsible for the management of his business as a money-lender, is disqualified by an order under section 16 from holding a licence;

(*b*) that the applicant has not complied with the provisions of this Act or the rules in respect of an application for the grant of a licence;

(*c*) that the applicant has made wilful default in complying with or knowingly acted in contravention of any requirements of this Act;

(*d*) that satisfactory evidence has been produced that the applicant or any person responsible or proposed to be responsible for the management of his business of money-lending has—

(i) knowingly participated in or connived at any fraud or dishonesty in the conduct of or in connection with the business of money-lending, or

(ii) been found guilty of an offence under Chapter XVII or Chapter XVIII of the Indian Penal Code.

(2) The Registrar shall, before refusing a licence under sub-section (1), record the evidence adduced before him and his reasons for such refusal.

(3) An appeal shall lie from an order of the Registrar refusing a licence under sub-section (1), to the Registrar General whose decision shall be final.

9. Registrar's power to cancel licences.—(1) The Registrar may, during the term of any licence, cancel the same by an order in writing on the ground that the person to whom it was granted has been guilty of any act or conduct for which he might under section 8 have refused him the grant of the licence and which act or conduct was not brought to his notice at the time of the grant of licence.

(2) Before cancelling a licence under sub-section (1), the Registrar shall give notice in writing to the licensee and may hold such inquiry as may be necessary.

(3) An appeal shall lie from an order of the Registrar cancelling a licence under sub-section (1), to the Registrar General whose decision thereon shall be final.

10. Term of licence.—A licence shall be valid from the date on which it is granted to the 31st day of December following :

Provided that where a money-lender holding a licence has made an application for a fresh licence before the date prescribed under sub-section (1) of section 6, for the succeeding year, such money-lender shall, notwithstanding the expiry of the term of his licence, be deemed to have a valid licence until orders are received by him on his application for the fresh licence.

11. Stay of suits by money-lenders not holding licence.—(1) After the expiry of six months from the date on which this Act comes into force, no Court shall pass a decree in favour of a money-lender in any suit to which this Act applies, filed by a money-lender, unless the Court is satisfied that at the time when the loan or any part thereof to which the suit relates was advanced, the money-lender held a valid licence.

(2) If during the trial of any such suit, the Court finds that the money-lender had not held such licence, the Court may, on the application of the money-lender, stay the hearing of the suit and require him to produce within a period of three months a licence on payment to the Registrar of all the arrears of the licence fees payable by him under this Act for the period commencing from the date on which he started the business of money-lending or the expiry of six months from the date on which this Act comes into force, whichever is later, together with such penalty, not exceeding five hundred rupees as the Court may direct :

Provided that when the Court is satisfied that the failure of the money-lender to obtain a licence was due to any reasonable cause, the Court may direct that no penalty as aforesaid or part of such penalty shall be paid by the money-lender.

(3) The Court may, on sufficient cause being shown, from time to time extend the period during which the money-lender shall be required to produce a licence.

(4) If the money-lender fails to produce the licence required under sub-section (2) within the period specified therein or within such period as may be extended under sub-section (3), the Court shall dismiss the suit. If the money-lender produces such licence within the aforesaid period, the Court shall proceed to hear the suit.

(5) Nothing in this section shall affect—

(*a*) suits in respect of loans advanced by a money-lender before the date on which this Act comes into force ;

(*b*) the powers of an official receiver, an administrator or a Court under the provisions of the Mysore Insolvency Act, 1925, or other corresponding law in force in any area of the State, or of a liquidator under the Companies Act, 1956, to realise the property of a money-lender.

12. Entry in register and grant of licence to a money-lender directed to obtain licence under section 11.—Any money lender who is required under sub section (2) of section 11 to produce a licence shall make an application to the Registrar through the Assistant Registrar in the manner specified in section 6 and on receipt of such application, the Registrar may, subject to the provisions of section 8, and after making such inquiry as he deems fit, grant the money-lender on payment of the arrears of licence fee, and the penalty, if any, directed by the Court to be paid, a licence in the form and subject to the conditions specified in section 7 and direct the Assistant Registrar to enter the name of the money-lender in the register.

13. Application for cancellation of licence.—(1) Any person may, during the currency of a licence, file an application, to the Registrar for the cancellation of the licence issued to a money-lender on the ground that such money-lender has been guilty of any act or conduct for which the Registrar may under section 8 refuse him the grant of a licence. At the time of filing his application the said person shall deposit such amount not exceeding one hundred rupees as the Registrar may direct.

(2) On the receipt of such application and deposit, the Registrar shall hold an inquiry and if he is satisfied that the money-lender has been guilty of such act or conduct he may cancel the licence of the money-lender and may also direct the return of the deposit made under sub-section (1)

(3) If in the opinion of the Registrar, an application made under sub-section (1) is frivolous or vexatious, he may, out of the deposit made under sub-section (1), direct to be paid to the money-lender such amount as he deems fit as compensation.

(4) Any person aggrieved by an order of the Registrar under sub-section (2) or (3) may, within such time and on payment of such fee as may be prescribed, appeal to the Registrar General and the order of the Registrar General on such appeal shall be final.

14. Registrar and Assistant Registrar to have powers of Civil Court.—For the purposes of sections 7 and 13, the Registrar and Assistant Registrar shall have and may exercise the same powers as are vested in a Civil Court under the Code of Civil Procedure, 1908, in respect of the following matters:—

(*a*) enforcing the attendance of any person and examining him on oath

(*b*) compelling the production of documents and material objects;

(*c*) issuing commissions for the examination of witnesses; and

(*d*) proof of facts by affidavits.

15. Power of authorized officer to require production of record or documents.—For the purpose of verifying whether the business of money-lending is carried on in accordance with the provisions of this Act, any Registrar, Assistant Registrar or any other officer authorised by the State Government in this behalf, may require any money-lender or any person in respect of whom the Registrar, Assistant Registrar or the officer so authorised has reason to believe that he is carrying on the business of money-lending in the State, to produce any record or document in his possession which in his opinion is relevant for the purpose, and thereupon such money-lender or person shall produce such record or document. The Registrar, Assistant Registrar or officer so authorised may after reasonable notice at any reasonable time enter any premises where he believes such record or document to be and may ask any question necessary for interpreting or verifying such record.

16. Court's power to cancel or suspend a licence.—(1) (i) A Court passing an order of conviction against a money-lender for an offence under this Act, or (ii) a Court trying a suit to which this Act applies, if satisfied that such money-lender has committed such contravention

of any provision of this Act or the rules as would, in its opinion, make him unfit to carry on the business of money-lending,—

(*a*) may order that all the licences held by such money-lender in the State be cancelled or suspended for such period as it may think fit; and

(*b*) may, if it thinks fit, declare any such money-lender, or if any money-lender is an undivided Hindu family, a company or an unincorporated body, such family, company or body and also any person responsible for the management of the business of money-lending carried on by such family, company or body, to be disqualified from holding any licence in the State for such time as the Court may think fit:

Provided that no order or declaration shall be made under this sub-section unless a reasonable opportunity has been given to the person concerned to show cause against the order or declaration proposed to be made.

(2) Where a Court convicts a money-lender of an offence under this Act, or makes an order or declaration under clause (*a*) or (*b*) of sub-section (1), it shall cause the particulars of the conviction, order or declaration, as the case may be, to be endorsed on all the licences held by the money-lender convicted or by any other person affected by the order or declaration and shall cause copies of its order or declaration to be sent to the Registrars by whom the licences were granted, for the purpose of entering such particulars in the registers:

Provided that where any licence held by any money-lender is suspended or cancelled or any money-lender is disqualified from holding any licence under this section he may appeal against such order to the Court to which an appeal ordinarily lies from the decision of the Court passing the order; and the Court which passed the order or the Court of appeal may, if it thinks fit, pending the appeal, stay the operation of the order under this section.

(3) Any licence required by a Court for endorsement in accordance with sub-section (2) shall be produced by the person by whom it is held in such manner and within such time as may be directed by the Court and any person who, without reasonable cause, makes default in producing the licence so required shall be liable, on conviction, to a fine which may extend to five hundred rupees for each day of the period during which the default continues.

(4) Powers conferred on a Court under this section may be exercised by any Court in appeal or in revision.

17. No compensation for suspension or cancellation of licence.—Where any licence is suspended or cancelled under this Act, no person shall be entitled to any compensation or the refund of any licence fee.

18. Persons debarred from doing business during period of suspension or cancellation of licence.—A person whose licence has been suspended or cancelled in accordance with the provisions of this Act shall not during the period of suspension or cancellation, as the case may be, carry on the business of money-lending in the State.

19. Person whose licence is suspended or cancelled not to apply without giving particulars of endorsement or of disqualification.—No person whose licence has been endorsed under section 16 or who has been disqualified from holding a licence shall apply for, or be eligible to hold a licence, without giving particulars of such endorsement or disqualification.

20. Duty of money-lender to keep accounts and furnish copies.—(1) Every money-lender shall keep and maintain a cash book and a ledger in such form and in such manner as may be prescribed.

(2) Every money-lender shall—

(*a*) deliver or cause to be delivered—

(i) to the debtor within thirty days from the date on which a loan is made, a statement in any recognised language showing in clear and distinct terms the amount and date of the loan and of its maturity, the nature of the security, if any, for the loan, the name and address of the debtor and of the money-lender and the rate of interest charged :

Provided that no such statement shall be required to be delivered to a debtor if he is supplied by the money-lender with a pass book which shall be in the prescribed form and shall contain an up-to-date account of the transactions with the debtor;

(ii) to the Assistant Registrar, within the said period, a statement containing the particulars referred to in sub-clause (i);

(*b*) upon repayment of a loan in full, mark indelibly every paper signed by the debtor with words indicating payment or cancellation, and discharge every mortgage, restore every pledge, return every note and cancel or reassign every assignment given by the debtor as security for the loan.

(3) No money-lender shall receive any payment from a debtor on account of any loan without giving him a duly signed receipt for the payment.

(4) No money-lender shall accept from a debtor any article as a pawn, pledge or security for a loan without giving him a signed receipt for the same with its description, estimated value, the amount of loan advanced against it and such other particulars as may be prescribed.

21. Delivery of statement of accounts and copies thereof by money-lender.—(1) Every money-lender shall deliver or cause to be delivered every year to each of his debtors a legible statement of such debtor's accounts signed by the money-lender or his agent of any amount that may be outstanding against such debtor. The statement shall show—

(i) the amount of principal and the amount of interest, separately, due to the money-lender ;

(ii) the amount of every payment already received by the money-lender in respect of the loan during the year together with the date on which each payment was made;

(iii) all payments credited first in the account of interest and the residue, if any, of any payment more than sufficient to discharge the balance of interest due at the time it is made, credited to the debtor in the account of principal, in the alternative such of the payments credited first in the account of principal as the money-lender may determine and the remaining payments credited in the account of interest calculated on the basis of the decreased balance of principal and when the balance of interest is fully discharged the residue of the payments, if any, further credited in the account of principal ;

(iv) the amount of principal and interest remaining unpaid.

The statement shall be signed by the money-lender, or his agent, and shall be in any recognised language. It shall be in such form and shall be supplied to the debtor on or before such date as may be prescribed :

Provided that no such statement shall be required to be delivered to a debtor if he is supplied by the money-lender with a pass book which shall be in the prescribed form and shall contain an up-to-date account of the transactions with the debtor.

The money-lender shall on or before the aforesaid date deliver or cause to be delivered a statement containing the particulars specified in clauses (i) to (iv) to the Assistant Registrar.

(2) In respect of any particular loan, whether advanced before or after the date on which this Act comes into force, the money-lender shall, on demand in writing being made by the debtor at any time during the period when the loan or any part thereof has not been repaid, and on payment of the prescribed fee supply to the debtor or if the debtor so requires, to any person specified in that behalf in the demand, a statement, in any recognised language, signed by the money-lender or his agent, and containing the relevant particulars specified in sub-section (1).

(3) A money-lender shall, on a demand in writing by the debtor, and tender of the prescribed sum of expenses, supply a copy of any document relating to a loan made by him or any security therefor, to the debtor, or if the debtor so requires, to any person specified in that behalf in the demand.

(4) For the purposes of this section, "year" means the calendar year.

22. Fees for certain statements supplied to debtors and Assistant Registrars.—(1) A money-lender may recover from a debtor fees for the statements or a pass book supplied to him under sub-section (2) of section 20 or sub-section (1) of section 21 and in respect of copies of such statements supplied to the Assistant Registrar under the said sub-sections.

(2) Such fees shall be recoverable at such rates and in such manner as may be prescribed, subject to the maximum of two rupees per debtor, per year, irrespective of the number of statements or copies thereof supplied to the debtor or the Assistant Registrar during the relevant year.

23. Debtors not bound to admit correctness of accounts.—A debtor to whom a statement of accounts or a pass book has been furnished under section 20 or 21 shall not be bound to acknowledge or deny its correctness and his failure to do so shall not, by itself, be deemed to be an admission of the correctness of the accounts.

24. Procedure of court in suits regarding loans.—Notwithstanding anything contained in any law for the time being in force, in any suit to which this Act applies,—

(*a*) a Court shall, before deciding the claim on merits, frame and decide the issue whether the money-lender has complied with the provisions of sections 20 and 21;

(*b*) if the Court finds that the provisions of section 20 or section 21 have not been complied with by the money-lender, it may, if the plaintiff's claim is established, in whole or in part, disallow the whole or any portion of the interest found due as may seem reasonable to it in the circumstances of the case and may disallow costs.

Explanation.—A money-lender who has given the receipt or furnished a statement of accounts or a pass book in the prescribed form and manner, shall be held to have complied with the provisions of section 20 or section 21, as the case may be, in spite of any errors and omissions if the Court finds that such errors and omissions are not material or not fraudulent.

25. Provisions of certain sections not to apply to loans made by company or unincorporated body exempted by Government.—Nothing in sections 20 to 24 shall apply to loans advanced by any class of companies or unincorporated bodies which the State Government may by notification exempt from the operation of those sections.

26. Power of Court to limit interest recoverable in certain cases.—Notwithstanding anything contained in any agreement or any law for the time being in force, no Court shall in respect of any loan whether advanced before or after the date on which this Act comes into force, decree, on account of interest, a sum greater than the principal of the loan due on the date of the decree.

27. Power of Court to direct payment of decretal amount by instalments.—The Court may, at any time, on application of a judgment-debtor, after notice to the decree-holder, direct that the amount of any decree passed against him, whether before or after the date on which this Act comes into force, in respect of a loan, shall be paid in such number of instalments and subject to such conditions, and payable on such dates, as, having regard to the circumstances of the judgment-debtor and the amount of the decree, it considers fit.

28. Limitation on rates of interest.—(1) The State Government may from time to time by notification fix the maximum rates of interest for any local area or class of business of money-lending in respect of secured and unsecured loans.

(2) Notwithstanding anything contained in any law for the time being in force, no agreement between a money-lender and a debtor for payment of interest at a rate exceeding the maximum rate fixed by the State Government under sub-section (1), shall be valid and no Court shall in any suit to which this Act applies award interest exceeding the said rates.

(3) If any money-lender charges or receives from a debtor interest at a rate exceeding the maximum rate fixed by the State Government under sub-section (1), he shall, for the purposes of section 39, be deemed to have contravened the provisions of this Act.

29. Prohibition of charge for expenses on loans by money-lenders.—No money-lender shall receive from a debtor or intending debtor any sum other than reasonable costs of investigating title to the property, costs of stamp, registration of documents and other usual out-of-pocket expenses in cases where an agreement between the parties includes a stipulation that property is to be given as security or by way of mortgage and where both parties have agreed of such costs and reimbursement thereof; or where such costs, charges or expenses are leviable under the provisions of the Transfer of Property Act, 1882, or any other law for the time being in force.

30. Notice and information to be given on assignment of loan.—(1) Where a loan advanced, whether before or after the date on which this Act comes into force, or any interest on such loan or the benefit of any agreement made or security taken in respect of such loan or interest, is assigned to any assignee, the assignor (whether he is the money-lender by whom the money was lent or any person to whom the debt has been previously assigned) shall, before the assignment is made,—

(*a*) give the assignee notice in writing that the loan, interest, agreement or security is affected by the operation of this Act;

(*b*) supply to the assignee all information necessary to enable him to comply with the provisions of this Act; and

(*c*) give the debtor notice in writing of the assignment supplying the name and address of the assignee.

(2) Any person acting in contravention of the provisions of sub-section (1) shall be liable to indemnify any other person who is prejudiced by the contravention.

31. Application of Act as respects assignees.—(1) Save as hereinafter provided, where any debt due to a money-lender in respect of money lent by him whether before or after the date on which this Act comes into force, or of interest on money so lent or of the benefit of any agreement made or security taken in respect of any such debt or interest, has been assigned, the assignee shall be deemed to be the money-lender and all the provisions of this Act shall apply to such assignee as if he were the money-lender.

(2) Notwithstanding anything contained in this Act or in any other law for the time being in force, where for any reason any such assignment is invalid and the debtor has made any payment of money or transfer of property on account of any loan which has been so assigned, the assignee shall in respect of such payment or transfer be deemed to be the agent of the money-lender for all the purposes of this Act.

32. Reopening of transactions.—Notwithstanding anything contained in any law for the time being in force, the Court shall, in any suit to which this Act applies, whether heard *ex parte* or otherwise,—

(*a*) reopen any transaction, or any account already taken between the parties;

(*b*) take an account between the parties;

(*c*) reduce the amount charged to the debtor in respect of any excessive interest;

(*d*) if on taking accounts it is found that the money-lender has received more than what is due to him, pass a decree in favour of the debtor in respect of such amount:

Provided that in the exercise of these powers, the Court shall not—

(i) reopen any adjustment or agreement purporting to close previous dealings and to create new obligations which have been entered into by the parties or any person through whom they claim at a date more than six years from the date of the suit;

(ii) do anything which affects any decree of a Court.

Explanation.—For the purpose of this section "excessive interest" means interest at a rate which contravenes any of the provisions of section 28.

33. Inquiry for taking accounts and declaring the amount due.—(1) Any debtor may make an application at any time to the Court, whether the loan has or has not become payable, for taking accounts and for declaring the amount due to the money-lender. Such application shall be in the prescribed form and accompanied by the prescribed fee.

(2) On receipt of such application, the Court shall cause a notice of the application to be given to the money-lender.

(3) On the date fixed for the hearing of the application or on such date to which the hearing may be adjourned from time to time, the Court shall make an inquiry and shall after taking an account of the transactions between the parties pass an order declaring the amount, if any, still payable by the debtor to the money-lender, in respect of the principal and interest, if any. In taking accounts under this section the Court shall follow the provisions of sections 20 to 32 and section 35.

34. Deposit in Court of money due to money-lender.—(1) At any time a debtor may tender to a money-lender any sum of money due from him to the money-lender in respect of a loan by way of principal, interest or both.

(2) If the money-lender refuses to accept any sum so tendered, the debtor may deposit the said sum in Court to the account of the money-lender.

(3) The Court shall thereupon cause written notice of the deposit to be served on the money-lender, and he may, on presenting a petition stating the sum then due in respect of the loan, and his willingness to accept the said sum, receive and appropriate it first towards the interest and the residue if any towards the principal.

(4) When the money-lender does not accept the sum, the Court shall appropriate the said sum first towards the interest and the residue if any towards the principal.

35. When interest to be paid for entire month.—Notwithstanding any agreement between the parties or any law for the time being in force, when a statement is delivered or pass book is supplied to a debtor under section 21 or if accounts are taken under section 33, or a tender is made by a debtor to a money-lender in respect of a loan under section 34 before the sixteenth day of a calendar month, the interest due shall be calculated as payable for fifteen days of the said month, and if the statement is delivered or pass book is supplied or accounts are taken or tender is made on any subsequent day, then for the entire calendar month irrespective of the fact that such statement is delivered or pass book is supplied or such accounts are taken or such tender is made on any such day.

36. Money-lenders to exhibit their names over shops.—Every money-lender shall always keep exhibited over his shop or place of business, his name with the word 'money-lender' and its equivalent in Kannada.

37. Entry of wrong sum in bond, etc., to be an offence.—(1) No money-lender shall take any promissory note, acknowledgment, bond or other writing which does not state the actual amount of the loan, or which states such amount wrongly or execute any instrument in which blanks are left to be filled after execution.

(2) Whoever contravenes the provisions of sub-section (1), shall, on conviction, be punished with imprisonment which may extend to six months or with fine which may extend to one thousand rupees or with both.

38. Penalty for molestation.—Whoever molests, or abets the molestation of, a debtor for the recovery of a debt due by him to a creditor shall, on conviction, be punished with imprisonment which may extend to six months or with fine which may extend to one thousand rupees or with both.

Explanation.—For the purposes of this section, a person who, with intent to cause another person to abstain from doing any act which he has a right to do or to do any act which he has a right to abstain from doing,—

(*a*) obstructs or uses violence to or intimidates such other person, or

(*b*) persistently follows such other person from place to place or interferes with any property owned or used by him or deprives him of, or hinders him in, the use of any such property, or

(*c*) loiters at or near a house or other place where such other person resides or works, or carries on business, or happens to be, or

(*d*) does any act calculated to annoy or intimidate such other person or the members of his family, or

(*e*) moves or acts in a manner which causes or is calculated to cause alarm or danger to the person or property of such other person,

shall be deemed to molest such other person:

Provided that a person who goes to the house or place referred to in clause (*c*) in order merely to obtain or communicate information shall not be deemed to molest.

39. General provision regarding penalties.—Whoever fails to comply with or acts in contravention of any provision of this Act,

shall, if no specific penalty has been provided for in this Act, on conviction, be punished—

(*a*) for the first offence with simple imprisonment which may extend to two months or with fine which may extend to five hundred rupees or with both, and

(*b*) for the second or subsequent offence with imprisonment which may extend to six months or with fine or with both.

40. Offences by Hindu Joint Family, Corporation, etc.—(1) If the person contravening any of the provisions of this Act is an undivided Hindu family, the person responsible for the management of the business of such family shall be deemed to be guilty of such contravention.

(2) (*a*) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of the business of the company, as well as the company shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this clause shall render any such person liable to any punishment provided in this Act if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(*b*) Notwithstanding anything contained in clause (*a*), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of or is attributable to any neglect on the part of, any director, manager, secretary, or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(*a*) "company" means a body corporate and includes a firm or other association of individuals, and

(*b*) "director" in relation to a firm means a partner in the firm

41. Certain offences to be cognizable.—Offences punishable—

(*a*) under section 39 for contravening the provisions of section 5, and

(*b*) under section 38,

shall be cognizable.

42. Every officer to be public servant.—Every officer of the Government acting under the provisions of this Act shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code.

43. Saving of laws relating to agriculturists' indebtedness.—Nothing in this Act shall affect any of the provisions of any enactment relating to relief of agriculturists' indebtedness.

44. Rules.—(1) The State Government may, after previous publication, by notification, make rules for carrying out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely :—

(*a*) the form of the register under section 4 ;

(*b*) the form of the application for a licence, the further particulars to be included therein and the manner of payment of licence fee under section 6 ;

(*c*) the form and conditions of the licence, and the procedure for a summary inquiry under section 7 ;

(*d*) the form of cashbook and ledger and the manner in which they should be maintained under sub-section (1) of section 20 and the other particulars to be prescribed under sub-section (4) of that section ;

(*e*) the form of the statement of accounts and pass books to be furnished or delivered and the date before which it is to be furnished or delivered under sub-section (1), the fee to be paid under sub-section (2), and the sum of expenses to be paid under sub-section (3), of section 21 ;

(*f*) the rates at which and the manner in which fees may be recovered under section 22 ;

(*g*) the form of application and the fee to be paid under sub-section (1) of section 33 ;

(*h*) the period within which appeals under this Act have to be filed and the fee payable in respect of such appeals ;

(*i*) any other matter which has to be or may be prescribed under this Act or any matter for which there is no provision or insufficient provision in this Act and for which provision is, in the opinion of the State Government, necessary for giving effect to the provisions of this Act.

(3) Every rule made under this Act, shall be laid, as soon as may be after it is made before each House of the State Legislature while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

45. Repeal and savings.—The Bombay Money-lenders Act, 1946 (Bombay Act XXXI of 1947), as in force in the Bombay Area; the Coorg Money-lenders Act, 1939 (Coorg Act I of 1939), as in force in the Coorg District; the Hyderabad Money-lenders Act, 1349 F (Hyderabad Act V of 1349 Fasli), and the Hyderabad Money-lenders (Validity of Licenses) Act, 1956 (Hyderabad Act XLVIII of 1956), as in force in the Hyderabad Area; the Madras Debtors Protection Act, 1934 (Madras Act VII of 1935) as in force in the Madras Area and the Mysore Money-lenders Act, 1939 (Mysore Act XII of 1939) as in force in the Mysore area, are hereby repealed:

Provided that section 6 of the Mysore General Clauses Act, 1899 (Mysore Act III of 1899) shall be applicable in respect of the repeal of the said enactments and sections 8 and 24 of the said Act shall be applicable as if the said enactments had been repealed and re-enacted by this Act.

~~The Bill has been passed by both Houses of the Legislature.~~

~~SPEAKER,~~

~~December, 1961~~ ~~Legislative Assembly.~~

By Order and in the name of the
Governor of Mysore,

(T. K. TUKOL)
Secretary to Government,
Law Department.

GOVERNOR'S SECRETARIAT,

MYSORE.

No.A4.646/61-62/Encls

19th March 1962.

From

The Secretary to the Governor of Mysore,

To

The Secretary to the Government of Mysore,
Law Department, Bangalore.

Sir,

R.P.No.273 Sub:- The Mysore Money-Lenders Bill, 1961

I am desired to send herewith two authentic copies of the above Bill with the President's assent signified thereon, received from the Ministry of Home Affairs, Government of India, New Delhi, with their letter No.17/12/62-Judl.I dated the 12th March 1962.

Please acknowledge receipt.

Yours faithfully,

(A.H.Gopal Rao)
For Secretary
to the Governor of Mysore.

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20 MAR 1962
Registrar-I
Law Department.

THE MYSORE MONEY-LENDERS BILL, 1961.

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THE MYSORE MONEY-LENDERS BILL, 1961.

A Bill to regulate the transactions of money-lending in the State of Mysore.

WHEREAS it is expedient to make better provision for the regulation and control of transactions of money-lending in the State of Mysore;

BE it enacted by the Mysore State Legislature in the Twelfth Year of the Republic of India as follows:—

1. Short title, extent and commencement.—(1) This Act may be called the Mysore Money-lenders Act, 1961.

(2) It extends to the whole of the State of Mysore.

(3) It shall come into force on such date as the State Government may by notification, appoint.

2. Definitions.—In this Act, unless the context otherwise requires,—

(1) "bank" means a banking company as defined in the Banking Companies Act, 1949 (Central Act X of 1949), and includes the State Bank of India and any other banking institution notified under section 51 of the said Act;

(2) "business of money-lending" means the business of advancing loans whether or not in connection with or in addition to any other business;

(3) "capital" means a sum of money which a money-lender invests in the business of money-lending;

(4) "company" means a company as defined in the Companies Act, 1956 (Central Act 1 of 1956);

(5) "co-operative society" means a society registered or deemed to have been registered under the Mysore Co-operative Societies Act, 1959 (Mysore Act 11 of 1959);

(6) "interest" includes the return to be made over and above what was actually lent, whether the same is charged or sought to be recovered specifically by way of interest or otherwise, but does not include any sum lawfully charged by a money-lender for or on account of costs, charges or expenses in accordance with the provisions of this Act, or any other law for the time being in force;

(7) "licence" means a licence granted under this Act;

(8) "licence fee" means the fee payable in respect of a licence;

(9) "loan" means an advance at interest whether of money or in kind, and includes any transaction which the Court finds in substance to amount to such an advance, but does not include—

(*a*) a deposit of money or other property in a Government Post Office Bank or in a Mysore Government Savings Bank or in any other bank or in a company or with a co-operative society;

(*b*) a loan to, or by, or a deposit with, any society or association registered under the Mysore Societies Registration Act, 1960 (Mysore Act 17 of 1960);

(*c*) a loan advanced by Government or by any local authority authorised by Government;

(*d*) a loan advanced by a co-operative society;

(*e*) an advance made to a subscriber to, or a depositor in, a Provident Fund from the amount standing to his credit in the fund in accordance with the rules of the fund;

(*f*) a loan to or by an insurance company as defined in the Insurance Act, 1938 (Central Act IV of 1938);

(*g*) a loan to or by a bank;

(*h*) an advance of not less than three thousand rupees made on the basis of a negotiable instrument as defined in the Negotiable Instruments Act, 1881 (Central Act XXVI of 1881) other than on the basis of a promissory note;

(*i*) except for the purposes of sections 26 and 28,—

(i) a loan to a trader;

(ii) a loan to a money-lender who holds a valid licence; or

(iii) a loan by a landlord to his tenant for financing of crops or seasonal finance of not more than fifty rupees per acre of land held by the tenant;

(10) "money-lender" means—

(i) an individual; or

(ii) an undivided Hindu family; or

(iii) a company; or

(iv) an unincorporated body of individuals;

who or which—

(*a*) carries on the business of money-lending in the State; or

(*b*) has his or its principal place of such business in the State, but shall not include a bank;

(11) "notification" means a notification published in the official Gazette;

(12) "prescribed" means prescribed by rules made under this Act;

(13) "principal" means in relation to a loan, the advance actually made to the debtor;

(14) "Provident Fund" means a Provident Fund as defined in the Provident Funds Act, 1925 (Central Act XIX of 1925), and includes a Government Provident Fund and a Railway Provident Fund as defined in the said Act;

(15) "recognised language" means the language of the Court;

(16) "register" means a register of money-lenders maintained under section 4;

(17) "rules" means rules made under this Act;

(18) "State" means the State of Mysore;

(19) "suit to which this Act applies" means any suit or proceeding—

(*a*) for the recovery of a loan made after the date on which this Act comes into force;

(*b*) for the enforcement of any security taken, or any agreement made after the date on which this Act comes into force in respect of any loan made either before or after the said date; or

(*c*) for the redemption of any security given after the date on which this Act comes into force in respect of any loan made either before or after the said date ;

(20) "trader" means a person who in the regular course of business buys and sells goods or other property, whether movable or immovable, and includes—

a wholesale or retail merchant,

a commission agent,

a broker,

a manufacturer,

a contractor,

a factory owner,

but does not include an artisan or a person who sells his agricultural produce or cattle or buys agricultural produce or cattle for his use.

Explanation.—For the purposes of this clause an "artisan" means a person who does not employ more than ten workers in a manufacturing process on any one day of the twelve months immediately preceding.

3. Appointment of Registrar General, Registrars and Assistant Regis rars.—The State Government may, by notification, appoint a Registrar General, Registrars and Assistant Registrars of Money-lenders for the purposes of this Act and may define the areas within which each such officer shall exercise his powers and perform his duties.

4. Register of money-lenders.—Every Assistant Registrar shall maintain for the area in his jurisdiction a register of money-lenders in such form as may be prescribed.

5. Money-lenders to obtain licence.—No person shall carry on the business of money-lending in the State except in accordance with the terms and conditions of a licence.

6. Application for licence.—(1) Every money-lender shall annually before such date as may be prescribed make an application in the prescribed form for the grant of a licence to the Assistant Registrar of the area within the limits of which the place where he intends to carry on the business of money-lending, or if he intends to carry on such business at more than one place in the area, the

principal place of such business, is situated. Such application shall contain the following particulars, namely :—

(*a*) the name in which such money-lender intends to carry on business and the name of the person proposed to be responsible for the management of the business ;

(*b*) if the application is by or on behalf of—

(i) an individual, the name and address of such individual ;

(ii) an undivided Hindu family, the names and addresses of the manager or the karnavan or the yajaman and the adult coparceners of such family;

(iii) a company, the names and addresses of the directors, and of the manager or principal officer managing it ;

(iv) an unincorporated body of individuals, the names and addresses of such individuals ;

(*c*) the area and the place or principal place of the business of money-lending in the State ;

(*d*) the name of any other place in the State where the business of money-lending is carried on or intended to be carried on ;

(*e*) whether the person signing the application has himself or any of the adult coparceners of an undivided Hindu family, or any director, manager or principal officer of the company or any member of the unincorporated body on behalf of which such application has been made, as the case may be, has carried on the business of money-lending in the State in the year ending on the 31st day of December immediately preceding the date of the application either individually, or in partnership, or jointly with any other coparcener or any other person and whether in the same or any other name ;

(*f*) the total amount of the capital which such person intends to invest in the business of money-lending in the year for which the application has been made;

(*g*) if the places at which the business of money-lending is to be carried on are more than one, the names of persons who shall be in the management of the business at each such place.

(2) The application shall be in writing and shall be signed,—

(*a*) (i) if the application is made by an individual, by the individual ;

(ii) if the application is made on behalf of an undivided Hindu family, by the manager or the karnavan or the yajaman, as the case may be, of such family;

(iii) if the application is made by a company or unincorporated body, by the managing director or any other person having control of its principal place of business in the territory of India or of its place of business in the area in which it intends to carry on the business; or

(*b*) by an agent authorised in this behalf by a power-of-attorney by the individual money-lender himself or the family, or the company or the unincorporated body, as the case may be.

(3) The application shall also contain such other particulars as may be prescribed.

(4) The application shall be accompanied by a licence fee at the following rates:—

(*a*) if the place at which the business of money-lending is to be carried on is not more than one.	ten rupees;
(*b*) if the business of money-lending is to be carried on at more than one place within the limits of the area of the Registrar.	ten rupees for the licence for the principal place of business and three rupees for the licence for each of the other places in the area:

Provided that where an application is made after the expiry of the period prescribed by rules in respect of such application, it shall be accompanied by a licence fee at double the rates specified above.

(5) The fee payable under this section shall be paid in the manner prescribed and shall not be refunded, notwithstanding the fact that the grant of the licence is refused or the application is withdrawn.

7. Grant of licence and entry in register.—(1) On receipt of an application under section 6 and after making a summary inquiry in accordance with the prescribed procedure, the Assistant Registrar shall forward the application, together with his report, to the Registrar. The Registrar may after making such further inquiry, if any, as he deems fit, grant the applicant a licence in such form and subject to such conditions as may be prescribed, and direct the Assistant Registrar to enter the name of such applicant in the register maintained by him under section 4.

If the application is in respect of more than one place of business in the area under the jurisdiction of the Registrar, a separate licence in respect of each such place shall be granted in the name of the applicant and the person responsible for the management of the business at such place.

(2) If the application also contains a request for the grant of a licence to carry on the business of money-lending at any place within the State, but at a place outside the jurisdiction of the Registrar who granted the licence in respect of the principal place of business of the money-lender, the Registrar shall forward copies of the application and of the licence granted to the Registrar having jurisdiction who may grant a licence on payment of the licence fee provided for in section 6 without making any inquiry in respect of the application.

8. Refusal of issue of licence.—(1) The grant of licence shall not be refused except on any of the following grounds :—

(*a*) that the applicant, or any person responsible or proposed to be responsible for the management of his business as a money-lender, is disqualified by an order under section 16 from holding a licence;

(*b*) that the applicant has not complied with the provisions of this Act or the rules in respect of an application for the grant of a licence;

(*c*) that the applicant has made wilful default in complying with or knowingly acted in contravention of any requirements of this Act;

(*d*) that satisfactory evidence has been produced that the applicant or any person responsible or proposed to be responsible for the management of his business of money-lending has—

(i) knowingly participated in or connived at any fraud or dishonesty in the conduct of or in connection with the business of money-lending, or

(ii) been found guilty of an offence under Chapter XVII or Chapter XVIII of the Indian Penal Code.

(2) The Registrar shall, before refusing a licence under sub-section (1), record the evidence adduced before him and his reasons for such refusal.

(3) An appeal shall lie from an order of the Registrar refusing a licence under sub-section (1), to the Registrar General whose decision shall be final.

9. Registrar's power to cancel licences.—(1) The Registrar may, during the term of any licence, cancel the same by an order in writing on the ground that the person to whom it was granted has been guilty of any act or conduct for which he might under section 8 have refused him the grant of the licence and which act or conduct was not brought to his notice at the time of the grant of licence.

(2) Before cancelling a licence under sub-section (1), the Registrar shall give notice in writing to the licensee and may hold such inquiry as may be necessary.

(3) An appeal shall lie from an order of the Registrar cancelling a licence under sub-section (1), to the Registrar General whose decision thereon shall be final.

10. Term of licence.—A licence shall be valid from the date on which it is granted to the 31st day of December following:

Provided that where a money-lender holding a licence has made an application for a fresh licence before the date prescribed under sub-section (1) of section 6, for the succeeding year, such money-lender shall, notwithstanding the expiry of the term of his licence, be deemed to have a valid licence until orders are received by him on his application for the fresh licence.

11. Stay of suits by money-lenders not holding licence.—(1) After the expiry of six months from the date on which this Act comes into force, no Court shall pass a decree in favour of a money-lender in any suit to which this Act applies, filed by a money-lender, unless the Court is satisfied that at the time when the loan or any part thereof to which the suit relates was advanced, the money-lender held a valid licence.

(2) If during the trial of any such suit, the Court finds that the money-lender had not held such licence, the Court may, on the application of the money-lender, stay the hearing of the suit and require him to produce within a period of three months a licence on payment to the Registrar of all the arrears of the licence fees payable by him under this Act for the period commencing from the date on which he started the business of money-lending or the expiry of six months from the date on which this Act comes into force, whichever is later, together with such penalty, not exceeding five hundred rupees as the Court may direct:

Provided that when the Court is satisfied that the failure of the money-lender to obtain a licence was due to any reasonable cause, the Court may direct that no penalty as aforesaid or part of such penalty shall be paid by the money-lender.

(3) The Court may, on sufficient cause being shown, from time to time extend the period during which the money-lender shall be required to produce a licence.

(4) If the money-lender fails to produce the licence required under sub-section (2) within the period specified therein or within such period as may be extended under sub-section (3), the Court shall dismiss the suit. If the money-lender produces such licence within the aforesaid period, the Court shall proceed to hear the suit.

(5) Nothing in this section shall affect—

(*a*) suits in respect of loans advanced by a money-lender before the date on which this Act comes into force ;

(*b*) the powers of an official receiver, an administrator or a Court under the provisions of the Mysore Insolvency Act, 1925, or other corresponding law in force in any area of the State, or of a liquidator under the Companies Act, 1956, to realise the property of a money-lender.

12. Entry in register and grant of licence to a money-lender directed to obtain licence under section 11.—Any money lender who is required under sub section (2) of section 11 to produce a licence shall make an application to the Registrar through the Assistant Registrar in the manner specified in section 6 and on receipt of such application, the Registrar may, subject to the provisions of section 8, and after making such inquiry as he deems fit, grant the money-lender on payment of the arrears of licence fee, and the penalty, if any, directed by the Court to be paid, a licence in the form and subject to the conditions specified in section 7 and direct the Assistant Registrar to enter the name of the money-lender in the register.

13. Application for cancellation of licence.—(1) Any person may, during the currency of a licence, file an application, to the Registrar for the cancellation of the licence issued to a money-lender on the ground that such money-lender has been guilty of any act or conduct for which the Registrar may under section 8 refuse him the grant of a licence. At the time of filing his application the said person shall deposit such amount not exceeding one hundred rupees as the Registrar may direct.

(2) On the receipt of such application and deposit, the Registrar shall hold an inquiry and if he is satisfied that the money-lender has been guilty of such act or conduct he may cancel the licence of the money-lender and may also direct the return of the deposit made under sub-section (1).

(3) If in the opinion of the Registrar, an application made under sub-section (1) is frivolous or vexatious, he may, out of the deposit made under sub-section (1), direct to be paid to the money-lender such amount as he deems fit as compensation.

(4) Any person aggrieved by an order of the Registrar under sub-section (2) or (3) may, within such time and on payment of such fee as may be prescribed, appeal to the Registrar General and the order of the Registrar General on such appeal shall be final.

14. Registrar and Assistant Registrar to have powers of Civil Court.—For the purposes of sections 7 and 13, the Registrar and Assistant Registrar shall have and may exercise the same powers as are vested in a Civil Court under the Code of Civil Procedure, 1908, in respect of the following matters:—

(*a*) enforcing the attendance of any person and examining him on oath

(*b*) compelling the production of documents and material objects;

(*c*) issuing commissions for the examination of witnesses; and

(*d*) proof of facts by affidavits.

15. Power of authorized officer to require production of record or documents.—For the purpose of verifying whether the business of money-lending is carried on in accordance with the provisions of this Act, any Registrar, Assistant Registrar or any other officer authorised by the State Government in this behalf, may require any money-lender or any person in respect of whom the Registrar, Assistant Registrar or the officer so authorised has reason to believe that he is carrying on the business of money-lending in the State, to produce any record or document in his possession which in his opinion is relevant for the purpose, and thereupon such money-lender or person shall produce such record or document. The Registrar, Assistant Registrar or officer so authorised may after reasonable notice at any reasonable time enter any premises where he believes such record or document to be and may ask any question necessary for interpreting or verifying such record.

16. Court's power to cancel or suspend a licence.—(1) (i) A Court passing an order of conviction against a money-lender for an offence under this Act, or (ii) a Court trying a suit to which this Act applies, if satisfied that such money-lender has committed such contravention

of any provision of this Act or the rules as would, in its opinion, make him unfit to carry on the business of money-lending,—

(*a*) may order that all the licences held by such money-lender in the State be cancelled or suspended for such period as it may think fit; and

(*b*) may, if it thinks fit, declare any such money-lender, or if any money-lender is an undivided Hindu family, a company or an unincorporated body, such family, company or body and also any person responsible for the management of the business of money-lending carried on by such family, company or body, to be disqualified from holding any licence in the State for such time as the Court may think fit:

Provided that no order or declaration shall be made under this sub-section unless a reasonable opportunity has been given to the person concerned to show cause against the order or declaration proposed to be made.

(2) Where a Court convicts a money-lender of an offence under this Act, or makes an order or declaration under clause (*a*) or (*b*) of sub-section (1), it shall cause the particulars of the conviction, order or declaration, as the case may be, to be endorsed on all the licences held by the money-lender convicted or by any other person affected by the order or declaration and shall cause copies of its order or declaration to be sent to the Registrars by whom the licences were granted, for the purpose of entering such particulars in the registers:

Provided that where any licence held by any money-lender is suspended or cancelled or any money-lender is disqualified from holding any licence under this section he may appeal against such order to the Court to which an appeal ordinarily lies from the decision of the Court passing the order; and the Court which passed the order or the Court of appeal may, if it thinks fit, pending the appeal, stay the operation of the order under this section.

(3) Any licence required by a Court for endorsement in accordance with sub-section (2) shall be produced by the person by whom it is held in such manner and within such time as may be directed by the Court and any person who, without reasonable cause, makes default in producing the licence so required shall be liable, on conviction, to a fine which may extend to five hundred rupees for each day of the period during which the default continues.

(4) Powers conferred on a Court under this section may be exercised by any Court in appeal or in revision.

17. No compensation for suspension or cancellation of licence.—Where any licence is suspended or cancelled under this Act, no person shall be entitled to any compensation or the refund of any licence fee.

18. Persons debarred from doing business during period of suspension or cancellation of licence.—A person whose licence has been suspended or cancelled in accordance with the provisions of this Act shall not during the period of suspension or cancellation, as the case may be, carry on the business of money-lending in the State.

19. Person whose licence is suspended or cancelled not to apply without giving particulars of endorsement or of disqualification.—No person whose licence has been endorsed under section 16 or who has been disqualified from holding a licence shall apply for, or be eligible to hold a licence, without giving particulars of such endorsement or disqualification.

20. Duty of money-lender to keep accounts and furnish copies.—(1) Every money-lender shall keep and maintain a cash book and a ledger in such form and in such manner as may be prescribed.

(2) Every money-lender shall—

(*a*) deliver or cause to be delivered—

(i) to the debtor within thirty days from the date on which a loan is made, a statement in any recognised language showing in clear and distinct terms the amount and date of the loan and of its maturity, the nature of the security, if any, for the loan, the name and address of the debtor and of the money-lender and the rate of interest charged :

Provided that no such statement shall be required to be delivered to a debtor if he is supplied by the money-lender with a pass book which shall be in the prescribed form and shall contain an up-to-date account of the transactions with the debtor;

(ii) to the Assistant Registrar, within the said period, a statement containing the particulars referred to in sub-clause (i);

(*b*) upon repayment of a loan in full, mark indelibly every paper signed by the debtor with words indicating payment or cancellation, and discharge every mortgage, restore every pledge, return every note and cancel or reassign every assignment given by the debtor as security for the loan.

(3) No money-lender shall receive any payment from a debtor on account of any loan without giving him a duly signed receipt for the payment.

(4) No money-lender shall accept from a debtor any article as a pawn, pledge or security for a loan without giving him a signed receipt for the same with its description, estimated value, the amount of loan advanced against it and such other particulars as may be prescribed.

21. Delivery of statement of accounts and copies thereof by money-lender.—(1) Every money-lender shall deliver or cause to be delivered every year to each of his debtors a legible statement of such debtor's accounts signed by the money-lender or his agent of any amount that may be outstanding against such debtor. The statement shall show—

(i) the amount of principal and the amount of interest, separately, due to the money-lender;

(ii) the amount of every payment already received by the money-lender in respect of the loan during the year together with the date on which each payment was made;

(iii) all payments credited first in the account of interest and the residue, if any, of any payment more than sufficient to discharge the balance of interest due at the time it is made, credited to the debtor in the account of principal, in the alternative such of the payments credited first in the account of principal as the money-lender may determine and the remaining payments credited in the account of interest calculated on the basis of the decreased balance of principal and when the balance of interest is fully discharged the residue of the payments, if any, further credited in the account of principal;

(iv) the amount of principal and interest remaining unpaid.

The statement shall be signed by the money-lender, or his agent, and shall be in any recognised language. It shall be in such form and shall be supplied to the debtor on or before such date as may be prescribed:

Provided that no such statement shall be required to be delivered to a debtor if he is supplied by the money-lender with a pass book which shall be in the prescribed form and shall contain an up-to-date account of the transactions with the debtor.

The money-lender shall on or before the aforesaid date deliver or cause to be delivered a statement containing the particulars specified in clauses (i) to (iv) to the Assistant Registrar.

(2) In respect of any particular loan, whether advanced before or after the date on which this Act comes into force, the money-lender shall, on demand in writing being made by the debtor at any time during the period when the loan or any part thereof has not been repaid, and on payment of the prescribed fee supply to the debtor or if the debtor so requires, to any person specified in that behalf in the demand, a statement, in any recognised language, signed by the money-lender or his agent, and containing the relevant particulars specified in sub-section (1).

(3) A money-lender shall, on a demand in writing by the debtor, and tender of the prescribed sum of expenses, supply a copy of any document relating to a loan made by him or any security therefor, to the debtor, or if the debtor so requires, to any person specified in that behalf in the demand.

(4) For the purposes of this section "year" means the calendar year.

22. Fees for certain statements supplied to debtors and Assistant Registrars.—(1) A money-lender may recover from a debtor fees for the statements or a pass book supplied to him under sub-section (2) of section 20 or sub-section (1) of section 21 and in respect of copies of such statements supplied to the Assistant Registrar under the said sub-sections.

(2) Such fees shall be recoverable at such rates and in such manner as may be prescribed, subject to the maximum of two rupees per debtor, per year, irrespective of the number of statements or copies thereof supplied to the debtor or the Assistant Registrar during the relevant year.

23. Debtors not bound to admit correctness of accounts.—A debtor to whom a statement of accounts or a pass book has been furnished under section 20 or 21 shall not be bound to acknowledge or deny its correctness and his failure to do so shall not, by itself, be deemed to be an admission of the correctness of the accounts.

24. Procedure of court in suits regarding loans.—Notwithstanding anything contained in any law for the time being in force, in any suit to which this Act applies,—

(*a*) a Court shall, before deciding the claim on merits, frame and decide the issue whether the money-lender has complied with the provisions of sections 20 and 21;

(*b*) if the Court finds that the provisions of section 20 or section 21 have not been complied with by the money-lender, it may, if the plaintiff's claim is established, in whole or in part, disallow the whole or any portion of the interest found due as may seem reasonable to it in the circumstances of the case and may disallow costs.

Explanation.—A money-lender who has given the receipt or furnished a statement of accounts or a pass book in the prescribed form and manner, shall be held to have complied with the provisions of section 20 or section 21, as the case may be, in spite of any errors and omissions if the Court finds that such errors and omissions are not material or not fraudulent.

25. Provisions of certain sections not to apply to loans made by company or unincorporated body exempted by Government.—Nothing in sections 20 to 24 shall apply to loans advanced by any class of companies or unincorporated bodies which the State Government may by notification exempt from the operation of those sections.

26. Power of Court to limit interest recoverable in certain cases.—Notwithstanding anything contained in any agreement or any law for the time being in force, no Court shall in respect of any loan whether advanced before or after the date on which this Act comes into force, decree, on account of interest, a sum greater than the principal of the loan due on the date of the decree.

27. Power of Court to direct payment of decretal amount by instalments.—The Court may, at any time, on application of a judgment-debtor, after notice to the decree-holder, direct that the amount of any decree passed against him, whether before or after the date on which this Act comes into force, in respect of a loan, shall be paid in such number of instalments and subject to such conditions, and payable on such dates, as, having regard to the circumstances of the judgment-debtor and the amount of the decree, it considers fit.

28. Limitation on rates of interest.—(1) The State Government may from time to time by notification fix the maximum rates of interest for any local area or class of business of money-lending in respect of secured and unsecured loans.

(2) Notwithstanding anything contained in any law for the time being in force, no agreement between a money-lender and a debtor for payment of interest at a rate exceeding the maximum rate fixed by the State Government under sub-section (1), shall be valid and no Court shall in any suit to which this Act applies award interest exceeding the said rates.

(3) If any money-lender charges or receives from a debtor interest at a rate exceeding the maximum rate fixed by the State Government under sub-section (1), he shall, for the purposes of section 39, be deemed to have contravened the provisions of this Act.

29. Prohibition of charge for expenses on loans by money-lenders.—No money-lender shall receive from a debtor or intending debtor any sum other than reasonable costs of investigating title to the property, costs of stamp, registration of documents and other usual out-of-pocket expenses in cases where an agreement between the parties includes a stipulation that property is to be given as security or by way of mortgage and where both parties have agreed of such costs and reimbursement thereof; or where such costs, charges or expenses are leviable under the provisions of the Transfer of Property Act, 1882, or any other law for the time being in force.

30. Notice and information to be given on assignment of loan.—(1) Where a loan advanced, whether before or after the date on which this Act comes into force, or any interest on such loan or the benefit of any agreement made or security taken in respect of such loan or interest, is assigned to any assignee, the assignor (whether he is the money-lender by whom the money was lent or any person to whom the debt has been previously assigned) shall, before the assignment is made,—

(*a*) give the assignee notice in writing that the loan, interest, agreement or security is affected by the operation of this Act;

(*b*) supply to the assignee all information necessary to enable him to comply with the provisions of this Act; and

(*c*) give the debtor notice in writing of the assignment supplying the name and address of the assignee.

(2) Any person acting in contravention of the provisions of sub-section (1) shall be liable to indemnify any other person who is prejudiced by the contravention.

31. Application of Act as respects assignees.—(1) Save as hereinafter provided, where any debt due to a money-lender in respect of money lent by him whether before or after the date on which this Act comes into force, or of interest on money so lent or of the benefit of any agreement made or security taken in respect of any such debt or interest, has been assigned, the assignee shall be deemed to be the money-lender and all the provisions of this Act shall apply to such assignee as if he were the money-lender.

(2) Notwithstanding anything contained in this Act or in any other law for the time being in force, where for any reason any such assignment is invalid and the debtor has made any payment of money or transfer of property on account of any loan which has been so assigned, the assignee shall in respect of such payment or transfer be deemed to be the agent of the money-lender for all the purposes of this Act.

32. Reopening of transactions.—Notwithstanding anything contained in any law for the time being in force, the Court shall, in any suit to which this Act applies, whether heard *ex parte* or otherwise,—

(*a*) reopen any transaction, or any account already taken between the parties;

(*b*) take an account between the parties;

(*c*) reduce the amount charged to the debtor in respect of any excessive interest;

(*d*) if on taking accounts it is found that the money-lender has received more than what is due to him, pass a decree in favour of the debtor in respect of such amount:

Provided that in the exercise of these powers, the Court shall not—

(i) reopen any adjustment or agreement purporting to close previous dealings and to create new obligations which have been entered into by the parties or any person through whom they claim at a date more than six years from the date of the suit;

(ii) do anything which affects any decree of a Court.

Explanation.—For the purpose of this section "excessive interest" means interest at a rate which contravenes any of the provisions of section 28.

33. Inquiry for taking accounts and declaring the amount due.—(1) Any debtor may make an application at any time to the Court, whether the loan has or has not become payable, for taking accounts and for declaring the amount due to the money-lender. Such application shall be in the prescribed form and accompanied by the prescribed fee.

(2) On receipt of such application, the Court shall cause a notice of the application to be given to the money-lender.

(3) On the date fixed for the hearing of the application or on such date to which the hearing may be adjourned from time to time, the Court shall make an inquiry and shall after taking an account of the transactions between the parties pass an order declaring the amount, if any, still payable by the debtor to the money-lender, in respect of the principal and interest, if any. In taking accounts under this section the Court shall follow the provisions of sections 20 to 32 and section 35.

34. Deposit in Court of money due to money-lender.—(1) At any time a debtor may tender to a money-lender any sum of money due from him to the money-lender in respect of a loan by way of principal, interest or both.

(2) If the money-lender refuses to accept any sum so tendered, the debtor may deposit the said sum in Court to the account of the money-lender.

(3) The Court shall thereupon cause written notice of the deposit to be served on the money-lender, and he may, on presenting a petition stating the sum then due in respect of the loan, and his willingness to accept the said sum, receive and appropriate it first towards the interest and the residue if any towards the principal.

(4) When the money-lender does not accept the sum, the Court shall appropriate the said sum first towards the interest and the residue if any towards the principal.

35. When interest to be paid for entire month.—Notwithstanding any agreement between the parties or any law for the time being in force, when a statement is delivered or pass book is supplied to a debtor under section 21 or if accounts are taken under section 33, or a tender is made by a debtor to a money-lender in respect of a loan under section 34 before the sixteenth day of a calendar month, the interest due shall be calculated as payable for fifteen days of the said month, and if the statement is delivered or pass book is supplied or accounts are taken or tender is made on any subsequent day, then for the entire calendar month irrespective of the fact that such statement is delivered or pass book is supplied or such accounts are taken or such tender is made on any such day.

36. Money-lenders to exhibit their names over shops.—Every money-lender shall always keep exhibited over his shop or place of business, his name with the word 'money-lender' and its equivalent in Kannada.

37. Entry of wrong sum in bond, etc., to be an offence.—(1) No money-lender shall take any promissory note, acknowledgment, bond or other writing which does not state the actual amount of the loan, or which states such amount wrongly or execute any instrument in which blanks are left to be filled after execution.

(2) Whoever contravenes the provisions of sub-section (1), shall, on conviction, be punished with imprisonment which may extend to six months or with fine which may extend to one thousand rupees or with both.

38. Penalty for molestation.—Whoever molests, or abets the molestation of, a debtor for the recovery of a debt due by him to a creditor shall, on conviction, be punished with imprisonment which may extend to six months or with fine which may extend to one thousand rupees or with both.

Explanation.—For the purposes of this section, a person who, with intent to cause another person to abstain from doing any act which he has a right to do or to do any act which he has a right to abstain from doing,—

(*a*) obstructs or uses violence to or intimidates such other person, or

(*b*) persistently follows such other person from place to place or interferes with any property owned or used by him or deprives him of, or hinders him in, the use of any such property, or

(*c*) loiters at or near a house or other place where such other person resides or works, or carries on business, or happens to be, or

(*d*) does any act calculated to annoy or intimidate such other person or the members of his family, or

(*e*) moves or acts in a manner which causes or is calculated to cause alarm or danger to the person or property of such other person,

shall be deemed to molest such other person:

Provided that a person who goes to the house or place referred to in clause (*c*) in order merely to obtain or communicate information shall not be deemed to molest.

39. General provision regarding penalties.—Whoever fails to comply with or acts in contravention of any provision of this Act,

shall, if no specific penalty has been provided for in this Act, on conviction, be punished—

(*a*) for the first offence with simple imprisonment which may extend to two months or with fine which may extend to five hundred rupees or with both, and

(*b*) for the second or subsequent offence with imprisonment which may extend to six months or with fine or with both.

40. Offences by Hindu Joint Family, Corporation, etc.—(1) If the person contravening any of the provisions of this Act is an undivided Hindu family, the person responsible for the management of the business of such family shall be deemed to be guilty of such contravention.

(2) (*a*) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of the business of the company, as well as the company shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this clause shall render any such person liable to any punishment provided in this Act if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(*b*) Notwithstanding anything contained in clause (*a*), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of or is attributable to any neglect on the part of, any director, manager, secretary, or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(*a*) "company" means a body corporate and includes a firm or other association of individuals, and

(*b*) "director" in relation to a firm means a partner in the firm

41. Certain offences to be cognizable.—Offences punishable—

(*a*) under section 39 for contravening the provisions of section 5, and

(*b*) under section 38,

shall be cognizable.

42. Every officer to be public servant.—Every officer of the Government acting under the provisions of this Act shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code.

43. Saving of laws relating to agriculturists' indebtedness.—Nothing in this Act shall affect any of the provisions of any enactment relating to relief of agriculturists' indebtedness.

44. Rules.—(1) The State Government may, after previous publication, by notification, make rules for carrying out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely :—

(*a*) the form of the register under section 4 ;

(*b*) the form of the application for a licence, the further particulars to be included therein and the manner of payment of licence fee under section 6 ;

(*c*) the form and conditions of the licence, and the procedure for a summary inquiry under section 7 ;

(*d*) the form of cashbook and ledger and the manner in which they should be maintained under sub-section (1) of section 20 and the other particulars to be prescribed under sub-section (4) of that section ;

(*e*) the form of the statement of accounts and pass books to be furnished or delivered and the date before which it is to be furnished or delivered under sub-section (1), the fee to be paid under sub-section (2), and the sum of expenses to be paid under sub-section (3), of section 21 ;

(*f*) the rates at which and the manner in which fees may be recovered under section 22 ;

(*g*) the form of application and the fee to be paid under sub-section (1) of section 33 ;

(*h*) the period within which appeals under this Act have to be filed and the fee payable in respect of such appeals ;

(*i*) any other matter which has to be or may be prescribed under this Act or any matter for which there is no provision or insufficient provision in this Act and for which provision is, in the opinion of the State Government, necessary for giving effect to the provisions of this Act.

(3) Every rule made under this Act, shall be laid, as soon as may be after it is made before each House of the State Legislature while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

45. Repeal and savings.—The Bombay Money-lenders Act, 1946 (Bombay Act XXXI of 1947), as in force in the Bombay Area; the Coorg Money-lenders Act, 1939 (Coorg Act I of 1939), as in force in the Coorg District; the Hyderabad Money-lenders Act, 1349 F (Hyderabad Act V of 1349 Fasli), and the Hyderabad Money-lenders (Validity of Licenses) Act, 1956 (Hyderabad Act XLVIII of 1956), as in force in the Hyderabad Area; the Madras Debtors Protection Act, 1934 (Madras Act VII of 1935) as in force in the Madras Area and the Mysore Money-lenders Act, 1939 (Mysore Act XII of 1939) as in force in the Mysore area, are hereby repealed:

Provided that section 6 of the Mysore General Clauses Act, 1899 (Mysore Act III of 1899) shall be applicable in respect of the repeal of the said enactments and sections 8 and 24 of the said Act shall be applicable as if the said enactments had been repealed and re-enacted by this Act.

The Bill has been passed by both Houses of the Legislature.

SPEAKER,
Legislative Assembly.

2nd *December*, 1961.

I reserve this Bill for the consideration of the President.

Jaya Chamaraja Wad

ted 6th January 1962. GOVERNOR OF MYSORE.

I assent to this Bill.

Rajendra Prasad

ted the 8th ~~February~~ March, 1962. PRESIDENT.

GOVERNMENT OF MYSORE

No. LAW 99 LGN 58.

Issued. MS.

Mysore Government Secretariat,
VIDHANA SOUDHA.

Dated, Bangalore, 26/14 Mar 1962.
Chaitra 1884 (S.E).

FROM

The *Secretary to the Government of Mysore,*
Law Department.

To

The Secretary to the Governor of Mysore,
Mysore.

Subject:- The Mysore Money-lenders Bill, 1961.

Sir,

I am directed to acknowledge the receipt of two authentic copies of the Mysore Money-lenders Bill, 1961, sent with your letter No. A4/646/61-62 dated the 19th March 1962.

Yours faithfully,

Mar 24/3/62

(M.A. Srikrishna)
Deputy Secretary to Government,
Law Department.

GOVERNMENT OF MYSORE

No LAW 99 LGN 58

MYSORE GOVERNMENT SECRETARIAT,
VIDHANA SOUDHA,

Dated, Bangalore, 26th Mar. 1962.
Chaitra 1884 (S.E).

FROM

The *Secretary to the Government of Mysore,*
Law Department.

To

The Secretary,
Mysore Legislature,
Bangalore.

Subject:- The Mysore Money-lenders Bill, 1961.

Sir,

I am directed to state that action has been taken to publish the Bill noted above in Part IV-Section 2B of the Mysore Gazette dated the 29th March 1962 as Mysore Act No.12 of 1962.

The authentic copy of the Bill is also forwarded herewith, receipt of which may kindly be acknowledged.

Yours faithfully,

24/3/62

(M.A. Srikrishna)
Deputy Secretary to Govern...,
Law Department.

MYSORE LEGISLATURE

LEGISLATURE SECRETARIAT,
VIDHANA SOUDHA,
P.B. No. 74,

No... 16317.../L A/~~L C~~ *Bangalore-1, dated.....27/3/.....196?*

FROM

THE SECRETARY,
MYSORE LEGISLATURE,
BANGALORE.

TO

THE SECRETARY TO GOVERNMENT,
LAW DEPARTMENT, BANGALORE.

DEPUTY CHAIRMAN & EX OFFICIO DEPUTY SECRETARY
No. 206
29 MAR 1962
LAW DEPARTMENT

Subject: The Mysore Money - Lenders Bill 1961.

SIR,

I acknowledge the receipt of your letter No ....LAW 99 LGN 58..... dated..26th Mar 62.....along with its enclosure.

Yours faithfully,

Under Secretary,
Mysore Legislature.

7 MAR 19..
gistrar-I
Department

WD 010536—GPB—500—10-2-62

29/3/62

LAW SECTION VII.

LAW 99 LGN 58.

MEMORANDUM.

The Mysore Money-lenders Bill, 1961

which received the assent of the President on the 8th day of March 1962, has been published in Part IV-Section 2B of the Mysore Gazette dated 29th March 1962. as Mysore Act No.12 of 1962.

The Agriculture and Forest Department is requested to take necessary action.

d/c Mas 31/3/62

(M.A. Srikrishna)
Deputy Secretary to Government
Law Department.

Agriculture and)
Forest Department)

12

GOVERNMENT OF MYSORE

LEGISLATIVE DEPARTMENT

MYSORE ACT No. 12 OF 1962.

THE MYSORE MONEY-LENDERS ACT, 1961.

BANGALORE :
INTED BY THE DIRECTOR OF PRINTING, STATIONERY AND
PUBLICATIONS AT THE GOVERNMENT PRESS
1962

THE MYSORE MONEY-LENDERS ACT, 1961.

Arrangement of Sections.

Sections. **Preamble.**

1 Short title, extent and commencement.
2 Definitions.
3 Appointment of Registrar General, Registrars and Assistant Registrars.
4 Register of money-lenders.
5 Money-lenders to obtain licence.
6 Application for licence.
7 Grant of licence and entry in register.
8 Refusal of issue of licence.
9 Registrar's power to cancel licences.
10 Term of licence.
11 Stay of suits by money-lenders not holding licence.
12 Entry in register and grant of licence to a money-lender directed to obtain licence under section 11.
13 Application for cancellation of licence.
14 Registrar and Assistant Registrar to have powers of Civil Court.
15 Power of authorised officer to require production of record or documents.
16 Court's power to cancel or suspend a licence.
17 No compensation for suspension or cancellation of licence.
18 Persons debarred from doing business during period of suspension or cancellation of licence.
19 Person whose licence is suspended or cancelled not to apply without giving particulars of endorsement or of disqualification.
20 Duty of money-lender to keep accounts and furnish copies.
21 Delivery of statement of accounts and copies thereof by money-lender.
22 Fees for certain statements supplied to debtors and Assistant Registrars.
23 Debtors not bound to admit correctness of accounts.
24 Procedure of court in suits regarding loans.
25 Provisions of certain sections not to apply to loans made by company or unincorporated body exempted by Government.
26 Power of Court to limit interest recoverable in certain cases.
27 Power of Court to direct payment of decretal amount by instalments.
28 Limitation on rates of interest.
29 Prohibition of charges for expenses on loans by money-lenders.
30 Notice and information to be given on assignment of loan.
31 Application of Act as respects assignees.
32 Reopening of transactions.
33 Inquiry for taking accounts and declaring the amount due.
34 Deposit in Court of money due to money-lender.
35 When interest to be paid for entire month.
36 Money-lenders to exhibit their names over shops.
37 Entry of wrong sum in bond, etc., to be an offence.
38 Penalty for molestation.
39 General provision regarding penalties.
40 Offences by Hindu joint family, Corporation, etc.
41 Certain offences to be cognizable.
42 Every officer to be public servant.
43 Saving of laws relating to agriculturists' indebtedness.
44 Rules.
45 Repeal and savings.

GOVERNMENT OF MYSORE

LEGISLATIVE DEPARTMENT

MYSORE ACT No. 12 OF 1962.

(*First published in the* Mysore Gazette *on the Twenty-ninth Day of March 1962.*)

THE MYSORE MONEY-LENDERS ACT, 1961.

(*Received the assent of the President on the Eighth day of March 1962.*)

An Act to regulate the transactions of money-lending in the State of Mysore.

WHEREAS it is expedient to make better provision for the regulation and control of transactions of money-lending in the State of Mysore;

BE it enacted by the Mysore State Legislature in the Twelfth Year of the Republic of India as follows:—

1. Short title, extent and commencement.—(1) This Act may be called the Mysore Money-lenders Act, 1961.

(2) It extends to the whole of the State of Mysore.

(3) It shall come into force on such date as the State Government may by notification, appoint.

2. Definitions.—In this Act, unless the context otherwise requires,—

(1) "bank" means a banking company as defined in the Banking Companies Act, 1949 (Central Act X of 1949), and includes the State Bank of India and any other banking institution notified under section 51 of the said Act;

(2) "business of money-lending" means the business of advancing loans whether or not in connection with or in addition to any other business;

(3) "capital" means a sum of money which a money-lender invests in the business of money-lending;

(4) "company" means a company as defined in the Companies Act, 1956 (Central Act 1 of 1956);

(5) "co-operative society" means a society registered or deemed to have been registered under the Mysore Co-operative Societies Act, 1959 (Mysore Act 11 of 1959);

(6) "interest" includes the return to be made over and above what was actually lent, whether the same is charged or sought to be recovered specifically by way of interest or otherwise, but does not include any sum lawfully charged by a money-lender for or on account of costs, charges or expenses in accordance with the provisions of this Act, or any other law for the time being in force;

(7) "licence" means a licence granted under this Act;

(8) "licence fee" means the fee payable in respect of a licence;

(9) "loan" means an advance at interest whether of money or in kind, and includes any transaction which the Court finds in substance to amount to such an advance, but does not include—

(*a*) a deposit of money or other property in a Government Post Office Bank or in a Mysore Government Savings Bank or in any other bank or in a company or with a co-operative society;

(*b*) a loan to, or by, or a deposit with, any society or association registered under the Mysore Societies Registration Act, 1960 (Mysore Act 17 of 1960)

(*c*) a loan advanced by Government or [illegible] authority authorised by Government;

(*d*) a loan advanced by a co-operative society;

(*e*) an advance made to a subscriber to, or a depositor in, a Provident Fund from the amount standing to his credit in the fund in accordance with the rules of the fund;

(*f*) a loan to or by an insurance company as defined in the Insurance Act, 1938 (Central Act IV of 1938);

(*g*) a loan to or by a bank;

(*h*) an advance of not less than three thousand rupees made on the basis of a negotiable instrument as defined in the Negotiable Instruments Act, 1881 (Central Act XXVI of 1881) other than on the basis of a promissory note;

(*i*) except for the purposes of sections 26 and 28,—

(i) a loan to a trader;

(ii) a loan to a money-lender who holds a valid licence ; or

(iii) a loan by a landlord to his tenant for financing of crops or seasonal finance of not more than fifty rupees per acre of land held by the tenant ;

(10) " money-lender " means—

(i) an individual ; or

(ii) an undivided Hindu family ; or

(iii) a company ; or

(iv) an unincorporated body of individuals ;

who or which—

(*a*) carries on the business of money-lending in the State ; or

(*b*) has his or its principal place of such business in the State, but shall not include a bank ;

(11) " notification " means a notification published in the al Gazette ;

(12) " prescribed " means prescribed by rules made under this

(13) " principal " means in relation to a loan, the advance lly made to the debtor ;

(14) " Provident Fund " means a Provident Fund as defined in Provident Funds Act, 1925 (Central Act XIX of 1925), and les a Government Provident Fund and a Railway Provident as defined in the said Act ;

(15) " recognised language " means the language of the Court ;

(16) " register " means a register of money-lenders maintained section 4 ;

(17) " rules " means rules made under this Act ;

(18) " State " means the State of Mysore ;

(19) " suit to which this Act applies " means any suit or eding—

(*a*) for the recovery of a loan made after the date on which this Act comes into force ;

(*b*) for the enforcement of any security taken, or any agree ment made after the date on which this Act comes into force in respect of any loan made either before or after the said date ; or

(*c*) for the redemption of any security given after the date on which this Act comes into force in respect of any loan made either before or after the said date;

(20) "trader" means a person who in the regular course of business buys and sells goods or other property, whether movable or immovable, and includes—

a wholesale or retail merchant,

a commission agent,

a broker,

a manufacturer,

a contractor,

a factory owner,

oes not include an artisan or a person who sells his agricultura ıce or cattle or buys agricultural produce or cattle for his use.

Explanation.—For the purposes of this clause an "artisan' s a person who does not employ more than ten workers in ı ıfacturing process on any one day of the twelve month› ›diately preceding.

. Appointment of Registrar General, Registrars and Assistan trars.—The State Government may, by notification, appoin gistrar General, Registrars and Assistant Registrars of Money rs for the purposes of this Act and may define the areas withi ı each such officer shall exercise his powers and perform hi

. Register of money-lenders.—Every Assistant Registrar shal tain for the area in his jurisdiction a register of money-lender› ›h form as may be prescribed.

. Money-lenders to obtain licence.—No person shall carry on th‹ ess of money-lending in the State except in accordance witl ›rms and conditions of a licence.

. Application for licence.—(1) Every money-lender shal ally before such date as may be prescribed make an applicatio› ə prescribed form for the grant of a licence to the Assistan› ıtrar of the area within the limits of which the place where h‹ ds to carry on the business of money-lending, or if he intends t‹ on such business at more than one place in the area, th‹

principal place of such business, is situated. Such application shall contain the following particulars, namely :—

(*a*) the name in which such money-lender intends to carry on business and the name of the person proposed to be responsible for the management of the business ;

(*b*) if the application is by or on behalf of—

(i) an individual, the name and address of such individual

(ii) an undivided Hindu family, the names and addresses of the manager or the karnavan or the yajaman and the adult coparceners of such family;

(iii) a company, the names and addresses of the directors, and of the manager or principal officer managing it ;

(iv) an unincorporated body of individuals, the names and addresses of such individuals ;

(*c*) the area and the place or principal place of the business of money-lending in the State ;

(*d*) the name of any other place in the State where the business of money-lending is carried on or intended to be carried on ;

(*e*) whether the person signing the application has himself or any of the adult coparceners of an undivided Hindu family, or any director, manager or principal officer of the company or any member of the unincorporated body on behalf of which such application has been made, as the case may be, has carried on the business of money-lending in the State in the year ending on the 31st day of December immediately preceding the date of the application either individually, or in partnership, or jointly with any other coparcener or any other person and whether in the same or any other name ;

(*f*) the total amount of the capital which such person intends to invest in the business of money-lending in the year for which the application has been made;

(*g*) if the places at which the business of money-lending is to be carried on are more than one, the names of persons who shall be in the management of the business at each such place.

(2) The application shall be in writing and shall be signed,—

(*a*) (i) if the application is made by an individual, by the individual ;

(ii) if the application is made on behalf of an undivided Hindu family, by the manager or the karnavan or the yajaman, as the case may be, of such family;

(iii) if the application is made by a company or unincorporated body, by the managing director or any other person having control of its principal place of business in the territory of India or of its place of business in the area in which it intends to carry on the business; or

(*b*) by an agent authorised in this behalf by a power-of-attorney by the individual money-lender himself or the family, or the company or the unincorporated body, as the case may be.

(3) The application shall also contain such other particulars as may be prescribed.

(4) The application shall be accompanied by a licence fee at the following rates:—

(*a*) if the place at which the business of money-lending is to be carried on is not more than one.	ten rupees;
(*b*) if the business of money-lending is to be carried on at more than one place within the limits of the area of the Registrar.	ten rupees for the licence for the principal place of business and three rupees for the licence for each of the other places in the area:

Provided that where an application is made after the expiry of the period prescribed by rules in respect of such application, it shall be accompanied by a licence fee at double the rates specified above.

(5) The fee payable under this section shall be paid in the manner prescribed and shall not be refunded, notwithstanding the fact that the grant of the licence is refused or the application is withdrawn.

7. Grant of licence and entry in register.—(1) On receipt of an application under section 6 and after making a summary inquiry in accordance with the prescribed procedure, the Assistant Registrar shall forward the application, together with his report, to the Registrar. The Registrar may after making such further inquiry, if any, as he deems fit, grant the applicant a licence in such form and subject to such conditions as may be prescribed, and direct the Assistant Registrar to enter the name of such applicant in the register maintained by him under section 4.

If the application is in respect of more than one place of business in the area under the jurisdiction of the Registrar, a separate licence in respect of each such place shall be granted in the name of the applicant and the person responsible for the management of the business at such place.

(2) If the application also contains a request for the grant of a licence to carry on the business of money-lending at any place within the State, but at a place outside the jurisdiction of the Registrar who granted the licence in respect of the principal place of business of the money-lender, the Registrar shall forward copies of the application and of the licence granted to the Registrar having jurisdiction who may grant a licence on payment of the licence fee provided for in section 6 without making any inquiry in respect of the application.

8. Refusal of issue of licence.—(1) The grant of licence shall not be refused except on any of the following grounds :—

(*a*) that the applicant, or any person responsible or proposed to be responsible for the management of his business as a money-lender, is disqualified by an order under section 16 from holding a licence;

(*b*) that the applicant has not complied with the provisions of this Act or the rules in respect of an application for the grant of a licence;

(*c*) that the applicant has made wilful default in complying with or knowingly acted in contravention of any requirements of this Act;

(*d*) that satisfactory evidence has been produced that the applicant or any person responsible or proposed to be responsible for the management of his business of money-lending has—

(i) knowingly participated in or connived at any fraud or dishonesty in the conduct of or in connection with the business of money-lending, or

(ii) been found guilty of an offence under Chapter XVII or Chapter XVIII of the Indian Penal Code.

(2) The Registrar shall, before refusing a licence under sub-section (1), record the evidence adduced before him and his reasons for such refusal.

(3) An appeal shall lie from an order of the Registrar refusing a licence under sub-section (1), to the Registrar General whose decision shall be final.

9. Registrar's power to cancel licences.—(1) The Registrar may during the term of any licence, cancel the same by an order in writing on the ground that the person to whom it was granted has been guilty of any act or conduct for which he might under section 8 have refused him the grant of the licence and which act or conduct was not brought to his notice at the time of the grant of licence.

(2) Before cancelling a licence under sub-section (1), the Registrar shall give notice in writing to the licensee and may hold such inquiry as may be necessary.

(3) An appeal shall lie from an order of the Registrar cancelling a licence under sub-section (1), to the Registrar General whose decision thereon shall be final.

10. Term of licence.—A licence shall be valid from the date on which it is granted to the 31st day of December following:

Provided that where a money-lender holding a licence has made an application for a fresh licence before the date prescribed under sub-section (1) of section 6, for the succeeding year, such money-lender shall, notwithstanding the expiry of the term of his licence, be deemed to have a valid licence until orders are received by him on his application for the fresh licence.

11. Stay of suits by money-lenders not holding licence.—(1) After the expiry of six months from the date on which this Act comes into force, no Court shall pass a decree in favour of a money-lender in any suit to which this Act applies, filed by a money-lender, unless the Court is satisfied that at the time when the loan or any part thereof to which the suit relates was advanced, the money-lender held a valid licence.

(2) If during the trial of any such suit, the Court finds that the money-lender had not held such licence, the Court may, on the application of the money-lender, stay the hearing of the suit and require him to produce within a period of three months a licence on payment to the Registrar of all the arrears of the licence fees payable by him under this Act for the period commencing from the date on which he started the business of money-lending or the expiry of six months from the date on which this Act comes into force, whichever is later, together with such penalty, not exceeding five hundred rupees as the Court may direct:

Provided that when the Court is satisfied that the failure of the money-lender to obtain a licence was due to any reasonable cause, the Court may direct that no penalty as aforesaid or part of such penalty shall be paid by the money-lender.

(3) The Court may, on sufficient cause being shown, from time to time extend the period during which the money-lender shall be required to produce a licence.

(4) If the money-lender fails to produce the licence required under sub-section (2) within the period specified therein or within such period as may be extended under sub-section (3), the Court shall dismiss the suit. If the money-lender produces such licence within the aforesaid period, the Court shall proceed to hear the suit.

(5) Nothing in this section shall affect—

(*a*) suits in respect of loans advanced by a money-lender before the date on which this Act comes into force ;

(*b*) the powers of an official receiver, an administrator or a Court under the provisions of the Mysore Insolvency Act, 1925, or other corresponding law in force in any area of the State, or of a liquidator under the Companies Act, 1956, to realise the property of a money-lender.

12. Entry in register and grant of licence to a money-lender directed to obtain licence under section 11.—Any money-lender who is required under sub-section (2) of section 11 to produce a licence shall make an application to the Registrar through the Assistant Registrar in the manner specified in section 6 and on receipt of such application, the Registrar may, subject to the provisions of section 8, and after making such inquiry as he deems fit, grant the money-lender on payment of the arrears of licence fee, and the penalty, if any, directed by the Court to be paid, a licence in the form and subject to the conditions specified in section 7 and direct the Assistant Registrar to enter the name of the money-lender in the register.

13. Application for cancellation of licence.—(1) Any person may, during the currency of a licence, file an application, to the Registrar for the cancellation of the licence issued to a money-lender on the ground that such money-lender has been guilty of any act or conduct for which the Registrar may under section 8 refuse him the grant of a licence. At the time of filing his application the said person shall deposit such amount not exceeding one hundred rupees as the Registrar may direct.

(2) On the receipt of such application and deposit, the Registrar shall hold an inquiry and if he is satisfied that the money-lender has been guilty of such act or conduct he may cancel the licence of the money-lender and may also direct the return of the deposit made under sub-section (1).

(3) If in the opinion of the Registrar, an application made under sub-section (1) is frivolous or vexatious, he may, out of the deposit made under sub-section (1), direct to be paid to the money-lender such amount as he deems fit as compensation.

(4) Any person aggrieved by an order of the Registrar under sub-section (2) or (3) may, within such time and on payment of such fee as may be prescribed, appeal to the Registrar General and the order of the Registrar General on such appeal shall be final.

14. Registrar and Assistant Registrar to have powers of Civil Court.—For the purposes of sections 7 and 13, the Registrar and Assistant Registrar shall have and may exercise the same powers as are vested in a Civil Court under the Code of Civil Procedure, 1908, in respect of the following matters:—

(*a*) enforcing the attendance of any person and examining him on oath;

(*b*) compelling the production of documents and material objects;

(*c*) issuing commissions for the examination of witnesses; and

(*d*) proof of facts by affidavits.

15. Power of authorized officer to require production of record or documents.—For the purpose of verifying whether the business of money-lending is carried on in accordance with the provisions of this Act, any Registrar, Assistant Registrar or any other officer authorised by the State Government in this behalf, may require any money-lender or any person in respect of whom the Registrar, Assistant Registrar or the officer so authorised has reason to believe that he is carrying on the business of money-lending in the State, to produce any record or document in his possession which in his opinion is relevant for the purpose, and thereupon such money-lender or person shall produce such record or document. The Registrar, Assistant Registrar or officer so authorised may after reasonable notice at any reasonable time enter any premises where he believes such record or document to be and may ask any question necessary for interpreting or verifying such record.

16. Court's power to cancel or suspend a licence.—(1) (i) A Court passing an order of conviction against a money-lender for an offence under this Act, or (ii) a Court trying a suit to which this Act applies, if satisfied that such money-lender has committed such contravention

of any provision of this Act or the rules as would, in its opinion, make him unfit to carry on the business of money-lending,—

(*a*) may order that all the licences held by such money-lender in the State be cancelled or suspended for such period as it may think fit; and

(*b*) may, if it thinks fit, declare any such money-lender, or if any money-lender is an undivided Hindu family, a company or an unincorporated body, such family, company or body and also any person responsible for the management of the business of money-lending carried on by such family, company or body, to be disqualified from holding any licence in the State for such time as the Court may think fit:

Provided that no order or declaration shall be made under this sub-section unless a reasonable opportunity has been given to the person concerned to show cause against the order or declaration proposed to be made.

(2) Where a Court convicts a money-lender of an offence under this Act, or makes an order or declaration under clause (*a*) or (*b*) of sub-section (1), it shall cause the particulars of the conviction, order or declaration, as the case may be, to be endorsed on all the licences held by the money-lender convicted or by any other person affected by the order or declaration and shall cause copies of its order or declaration to be sent to the Registrars by whom the licences were granted, for the purpose of entering such particulars in the registers:

Provided that where any licence held by any money-lender is suspended or cancelled or any money-lender is disqualified from holding any licence under this section he may appeal against such order to the Court to which an appeal ordinarily lies from the decision of the Court passing the order; and the Court which passed the order or the Court of appeal may, if it thinks fit, pending the appeal, stay the operation of the order under this section.

(3) Any licence required by a Court for endorsement in accordance with sub-section (2) shall be produced by the person by whom it is held in such manner and within such time as may be directed by the Court and any person who, without reasonable cause, makes default in producing the licence so required shall be liable, on conviction, to a fine which may extend to five hundred rupees for each day of the period during which the default continues.

(4) Powers conferred on a Court under this section may be exercised by any Court in appeal or in revision.

17. No compensation for suspension or cancellation of licence.—Where any licence is suspended or cancelled under this Act, no person shall be entitled to any compensation or the refund of any licence fee.

18. Persons debarred from doing business during period of suspension or cancellation of licence.—A person whose licence has been suspended or cancelled in accordance with the provisions of this Act shall not during the period of suspension or cancellation, as the case may be, carry on the business of money-lending in the State.

19. Person whose licence is suspended or cancelled not to apply without giving particulars of endorsement or of disqualification.—No person whose licence has been endorsed under section 16 or who has been disqualified from holding a licence shall apply for, or be eligible to hold a licence, without giving particulars of such endorsement or disqualification.

20. Duty of money-lender to keep accounts and furnish copies.—(1) Every money-lender shall keep and maintain a cash book and a ledger in such form and in such manner as may be prescribed.

(2) Every money-lender shall—

(*a*) deliver or cause to be delivered—

(i) to the debtor within thirty days from the date on which a loan is made, a statement in any recognised language showing in clear and distinct terms the amount and date of the loan and of its maturity, the nature of the security, if any, for the loan, the name and address of the debtor and of the money-lender and the rate of interest charged :

Provided that no such statement shall be required to be delivered to a debtor if he is supplied by the money-lender with a pass book which shall be in the prescribed form and shall contain an up-to-date account of the transactions with the debtor;

(ii) to the Assistant Registrar, within the said period, a statement containing the particulars referred to in sub-clause (i);

(*b*) upon repayment of a loan in full, mark indelibly every paper signed by the debtor with words indicating payment or cancellation, and discharge every mortgage, restore every pledge, return every note and cancel or reassign every assignment given by the debtor as security for the

(3) No money-lender shall receive any payment from a debtor on account of any loan without giving him a duly signed receipt for the payment.

(4) No money-lender shall accept from a debtor any article as a pawn, pledge or security for a loan without giving him a signed receipt for the same with its description, estimated value, the amount of loan advanced against it and such other particulars as may be prescribed.

21. Delivery of statement of accounts and copies thereof by money-lender.—(1) Every money-lender shall deliver or cause to be delivered every year to each of his debtors a legible statement of such debtor's accounts signed by the money-lender or his agent of any amount that may be outstanding against such debtor. The statement shall show—

(i) the amount of principal and the amount of interest, separately, due to the money-lender ;

(ii) the amount of every payment already received by the money-lender in respect of the loan during the year together with the date on which each payment was made;

(iii) all payments credited first in the account of interest and the residue, if any, of any payment more than sufficient to discharge the balance of interest due at the time it is made, credited to the debtor in the account of principal, in the alternative such of the payments credited first in the account of principal as the money-lender may determine and the remaining payments credited in the account of interest calculated on the basis of the decreased balance of principal and when the balance of interest is fully discharged the residue of the payments, if any, further credited in the account of principal ;

(iv) the amount of principal and interest remaining unpaid.

The statement shall be signed by the money-lender, or his agent, and shall be in any recognised language. It shall be in such form and shall be supplied to the debtor on or before such date as may be prescribed :

Provided that no such statement shall be required to be delivered to a debtor if he is supplied by the money-lender with a pass book which shall be in the prescribed form and shall contain an up-to-date account of the transactions with the debtor.

The money-lender ..... on or before the aforesaid date deliver or cause to be delivered a statement containing the particulars specified in clauses (i) to (iv) to the Assistant Registrar.

(2) In respect of any particular loan, whether advanced before or after the date on which this Act comes into force, the money-lender shall, on demand in writing being made by the debtor at any time during the period when the loan or any part thereof has not been repaid, and on payment of the prescribed fee supply to the debtor or if the debtor so requires, to any person specified in that behalf in the demand, a statement, in any recognised language, signed by the money-lender or his agent, and containing the relevant particulars specified in sub-section (1).

(3) A money-lender shall, on a demand in writing by the debtor, and tender of the prescribed sum of expenses, supply a copy of any document relating to a loan made by him or any security therefor, to the debtor, or if the debtor so requires, to any person specified in that behalf in the demand.

(4) For the purposes of this section "year" means the calendar year.

22. Fees for certain statements supplied to debtors and Assistant Registrars.—(1) A money-lender may recover from a debtor fees for the statements or a pass book supplied to him under sub-section (2) of section 20 or sub-section (1) of section 21 and in respect of copies of such statements supplied to the Assistant Registrar under the said sub-sections.

(2) Such fees shall be recoverable at such rates and in such manner as may be prescribed, subject to the maximum of two rupees per debtor, per year, irrespective of the number of statements or copies thereof supplied to the debtor or the Assistant Registrar during the relevant year.

23. Debtors not bound to admit correctness of accounts.—A debtor to whom a statement of accounts or a pass book has been furnished under section 20 or 21 shall not be bound to acknowledge or deny its correctness and his failure to do so shall not, by itself, be deemed to be an admission of the correctness of the accounts.

24. Procedure of court in suits regarding loans.—Notwithstanding anything contained in any law for the time being in force, in any suit to which this Act applies,—

(*a*) a Court shall, before deciding the claim on merits, frame and decide the issue whether the money-lender has complied with the provisions of sections 20 and 21;

(*b*) if the Court finds that the provisions of section 20 or section 21 have not been complied with by the money-lender, it may, if the plaintiff's claim is established, in whole or in part, disallow the whole or any portion of the interest found due as may seem reasonable to it in the circumstances of the case and may disallow costs.

Explanation.—A money-lender who has given the receipt or furnished a statement of accounts or a pass book in the prescribed form and manner, shall be held to have complied with the provisions of section 20 or section 21, as the case may be, in spite of any errors and omissions if the Court finds that such errors and omissions are not material or not fraudulent.

25. Provisions of certain sections not to apply to loans made by company or unincorporated body exempted by Government.—Nothing in sections 20 to 24 shall apply to loans advanced by any class of companies or unincorporated bodies which the State Government may by notification exempt from the operation of those sections.

26. Power of Court to limit interest recoverable in certain cases.—Notwithstanding anything contained in any agreement or any law for the time being in force, no Court shall in respect of any loan whether advanced before or after the date on which this Act comes into force, decree, on account of interest, a sum greater than the principal of the loan due on the date of the decree.

27. Power of Court to direct payment of decretal amount by instalments.—The Court may, at any time, on application of a judgment-debtor, after notice to the decree-holder, direct that the amount of any decree passed against him, whether before or after the date on which this Act comes into force, in respect of a loan, shall be paid in such number of instalments and subject to such conditions, and payable on such dates, as, having regard to the circumstances of the judgment-debtor and the amount of the decree, it considers fit.

28. Limitation on rates of interest.—(1) The State Government may from time to time by notification fix the maximum rates of interest for any local area or class of business of money-lending in respect of secured and unsecured loans.

(2) Notwithstanding anything contained in any law for the time being in force, no agreement between a money-lender and a debtor for payment of interest at a rate exceeding the maximum rate fixed by the State Government under sub-section (1), shall be valid and no Court shall in any suit to which this Act applies award interest exceeding the said rates.

(3) If any money-lender charges or receives from a debtor interest at a rate exceeding the maximum rate fixed by the State Government under sub-section (1), he shall, for the purposes of section 39, be deemed to have contravened the provisions of this Act.

29. Prohibition of charge for expenses on loans by money-lenders.—No money-lender shall receive from a debtor or intending debtor any sum other than reasonable costs of investigating title to the property, costs of stamp, registration of documents and other usual out-of-pocket expenses in cases where an agreement between the parties includes a stipulation that property is to be given as security or by way of mortgage and where both parties have agreed of such costs and reimbursement thereof; or where such costs, charges or expenses are leviable under the provisions of the Transfer of Property Act, 1882, or any other law for the time being in force.

30. Notice and information to be given on assignment of loan.—(1) Where a loan advanced, whether before or after the date on which this Act comes into force, or any interest on such loan or the benefit of any agreement made or security taken in respect of such loan or interest, is assigned to any assignee, the assignor (whether he is the money-lender by whom the money was lent or any person to whom the debt has been previously assigned) shall, before the assignment is made,—

(*a*) give the assignee notice in writing that the loan, interest, agreement or security is affected by the operation of this Act;

(*b*) supply to the assignee all information necessary to enable him to comply with the provisions of this Act; and

(*c*) give the debtor notice in writing of the assignment supplying the name and address of the assignee.

(2) Any person acting in contravention of the provisions of sub-section (1) shall be liable to indemnify any other person who is prejudiced by the contravention.

31. Application of Act as respects assignees.—(1) Save as hereinafter provided, where any debt due to a money-lender in respect of money lent by him whether before or after the date on which this Act comes into force, or of interest on money so lent or of the benefit of any agreement made or security taken in respect of any such debt or interest, has been assigned, the assignee shall be deemed to be the money-lender and all the provisions of this Act shall apply to such assignee as if he were the money-lender.

(2) Notwithstanding anything contained in this Act or in any other law for the time being in force, where for any reason any such assignment is invalid and the debtor has made any payment of money or transfer of property on account of any loan which has been so assigned, the assignee shall in respect of such payment or transfer be deemed to be the agent of the money-lender for all the purposes of this Act.

32. Reopening of transactions.—Notwithstanding anything contained in any law for the time being in force, the Court shall, in any suit to which this Act applies, whether heard *ex parte* or otherwise,—

(*a*) reopen any transaction, or any account already taken between the parties;

(*b*) take an account between the parties;

(*c*) reduce the amount charged to the debtor in respect of any excessive interest;

(*d*) if on taking accounts it is found that the money-lender has received more than what is due to him, pass a decree in favour of the debtor in respect of such amount:

Provided that in the exercise of these powers, the Court shall not—

(i) reopen any adjustment or agreement purporting to close previous dealings and to create new obligations which have been entered into by the parties or any person through whom they claim at a date more than six years from the date of the suit;

(ii) do anything which affects any decree of a Court.

Explanation.—For the purpose of this section "excessive interest" means interest at a rate which contravenes any of the provisions of section 28.

33. Inquiry for taking accounts and declaring the amount due.—(1) Any debtor may make an application at any time to the Court, whether the loan has or has not become payable, for taking accounts and for declaring the amount due to the money-lender. Such application shall be in the prescribed form and accompanied by the prescribed fee.

(2) On receipt of such application, the Court shall cause a notice of the application to be given to the money-lender.

(3) On the date fixed for the hearing of the application or on such date to which the hearing may be adjourned from time to time, the Court shall make an inquiry and shall after taking an account of the transactions between the parties pass an order declaring the amount, if any, still payable by the debtor to the money-lender, in respect of the principal and interest, if any. In taking accounts under this section the Court shall follow the provisions of sections 20 to 32 and section 35.

34. Deposit in Court of money due to money-lender.—(1) At any time a debtor may tender to a money-lender any sum of money due from him to the money-lender in respect of a loan by way of principal, interest or both.

(2) If the money-lender refuses to accept any sum so tendered, the debtor may deposit the said sum in Court to the account of the money-lender.

(3) The Court shall thereupon cause written notice of the deposit to be served on the money-lender, and he may, on presenting a petition stating the sum then due in respect of the loan, and his willingness to accept the said sum, receive and appropriate it first towards the interest and the residue if any towards the principal.

(4) When the money-lender does not accept the sum, the Court shall appropriate the said sum first towards the interest and the residue if any towards the principal.

35. When interest to be paid for entire month.—Notwithstanding any agreement between the parties or any law for the time being in force, when a statement is delivered or pass book is supplied to a debtor under section 21 or if accounts are taken under section 33, or a tender is made by a debtor to a money-lender in respect of a loan under section 34 before the sixteenth day of a calendar month, the interest due shall be calculated as payable for fifteen days of the said month, and if the statement is delivered or pass book is supplied or accounts are taken or tender is made on any subsequent day, then for the entire calendar month irrespective of the fact that such statement is delivered or pass book is supplied or such accounts are taken or such tender is made on any such day.

36. Money-lenders to exhibit their names over shops.—Every money-lender shall always keep exhibited over his shop or place of business, his name with the word 'money-lender' and its equivalent in Kannada.

37. Entry of wrong sum in bond, etc., to be an offence.—(1) N money-lender shall take any promissory note, acknowledgment, bon or other writing which does not state the actual amount of the loar or which states such amount wrongly or execute any instrument i which blanks are left to be filled after execution.

(2) Whoever contravenes the provisions of sub-section (1) shall, on conviction, be punished with imprisonment which ma extend to six months or with fine which may extend to one thousan rupees or with both.

38. Penalty for molestation.—Whoever molests, or abets th molestation of, a debtor for the recovery of a debt due by him to creditor shall, on conviction, be punished with imprisonmen which may extend to six months or with fine which may extend t one thousand rupees or with both.

Explanation.—For the purposes of this section, a person whc with intent to cause another person to abstain from doing any ac which he has a right to do or to do any act which he has a right t abstain from doing,—

(*a*) obstructs or uses violence to or intimidates such othe person, or

(*b*) persistently follows such other person from place to place o interferes with any property owned or used by him o deprives him of, or hinders him in, the use of any sucl property, or

(*c*) loiters at or near a house or other place where such othe person resides or works, or carries on business, or happen to be, or

(*d*) does any act calculated to annoy or intimidate such othe person or the members of his family, or

(*e*) moves or acts in a manner which causes or is calculated t cause alarm or danger to the person or property of sucl other person,

shall be deemed to molest such other person:

Provided that a person who goes to the house or place referred to in clause (*c*) in order merely to obtain or communicate information shall not be deemed to molest.

39. General provision regarding penalties.—Whoever fails to comply with or acts in contravention of any provision of this Act,

shall, if no specific penalty has been provided for in this Act, on conviction, be punished—

(*a*) for the first offence with simple imprisonment which may extend to two months or with fine which may extend to five hundred rupees or with both, and

(*b*) for the second or subsequent offence with imprisonment which may extend to six months or with fine or with both.

40. Offences by Hindu Joint Family, Corporation, etc.—(1) If the person contravening any of the provisions of this Act is an undivided Hindu family, the person responsible for the management of the business of such family shall be deemed to be guilty of such contravention.

(2) (*a*) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of the business of the company, as well as the company shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this clause shall render any such person liable to any punishment provided in this Act if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(*b*) Notwithstanding anything contained in clause (*a*), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of or is attributable to any neglect on the part of, any director, manager, secretary, or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(*a*) "company" means a body corporate and includes a firm or other association of individuals, and

(*b*) "director" in relation to a firm means a partner in the firm.

41. Certain offences to be cognizable.—Offences punishable—

(*a*) under section 39 for contravening the provisions of section 5, and

(*b*) under section 38,

shall be cognizable.

42. Every officer to be public servant.—Every officer of the Government acting under the provisions of this Act shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code.

43. Saving of laws relating to agriculturists' indebtedness.—Nothing in this Act shall affect any of the provisions of any enactment relating to relief of agriculturists' indebtedness.

44. Rules.—(1) The State Government may, after previous publication, by notification, make rules for carrying out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(*a*) the form of the register under section 4;

(*b*) the form of the application for a licence, the further particulars to be included therein and the manner of payment of licence fee under section 6;

(*c*) the form and conditions of the licence, and the procedure for a summary inquiry under section 7;

(*d*) the form of cashbook and ledger and the manner in which they should be maintained under sub-section (1) of section 20 and the other particulars to be prescribed under sub-section (4) of that section;

(*e*) the form of the statement of accounts and pass books to be furnished or delivered and the date before which it is to be furnished or delivered under sub-section (1), the fee to be paid under sub-section (2), and the sum of expenses to be paid under sub-section (3), of section 21;

(*f*) the rates at which and the manner in which fees may be recovered under section 22;

(*g*) the form of application and the fee to be paid under sub-section (1) of section 33;

(*h*) the period within which appeals under this Act have to be filed and the fee payable in respect of such appeals;

(*i*) any other matter which has to be or may be prescribed under this Act or any matter for which there is no provision or insufficient provision in this Act and for which provision is, in the opinion of the State Government, necessary for giving effect to the provisions of this Act.

(3) Every rule made under this Act, shall be laid, as soon as may be after it is made before each House of the State Legislature while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

45. Repeal and savings.—The Bombay Money-lenders Act, 1946 (Bombay Act XXXI of 1947), as in force in the Bombay Area; the Coorg Money-lenders Act, 1939 (Coorg Act I of 1939), as in force in the Coorg District; the Hyderabad Money-lenders Act, 1349 F (Hyderabad Act V of 1349 Fasli), and the Hyderabad Money-lenders (Validity of Licenses) Act, 1956 (Hyderabad Act XLVIII of 1956), as in force in the Hyderabad Area; the Madras Debtors Protection Act, 1934 (Madras Act VII of 1935) as in force in the Madras Area and the Mysore Money-lenders Act, 1939 (Mysore Act XII of 1939) as in force in the Mysore area, are hereby repealed:

Provided that section 6 of the Mysore General Clauses Act, 1899 (Mysore Act III of 1899) shall be applicable in respect of the repeal of the said enactments and sections 8 and 24 of the said Act shall be applicable as if the said enactments had been repealed and re-enacted by this Act.